International Herald Tribune

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A SPECIAL REPORT

TODAY: STYLE The New Talent, Page 14

EU Compromise Tilts Toward German View

By Tom Buerkle
International Herald Tribune

AMSTERDAM — European Union leaders endorsed on Monday a budget stability pact designed to reinforce the credibility of the planned single currency, overcoming resistance from France's Socialist government by coupling the pact with promises of fresh, if vague, efforts to combat unemployment.

The agreement sought to strike a balance between Germany and France that would reaffirm Europe's determination to launch the euro in 1999 and offer new hope to Europe's 18 million jobless people, an economic sore that threatens to undermine public support for monetary union.

But if the compromise defused the threat of an open confrontation over economic policy between Bonn and Paris, the absence of any concrete public spending commitments for job-creation programs represented a clear victory for Chancellor Helmut Kohl of Germany and a setback for Prime Minister Lionel Jospin of France.

Mr. Jospin had sought backing to fund new European employment pro-

Blair supports Kohl. Page 10.

grams by tapping into the excess reserves of the European Investment Bank, an EU lending agency, and the European Coal and Steel Community, the institution that launched European integration. Paris had estimated the potential at as much as 1.6 billion European currency units ($1.81 billion).

But the leaders stopped short of firm commitments. Instead, they adopted a resolution on growth and employment to accompany the stability pact that called on the European Investment Bank to consider a variety of new lending possibilities, including a venture-capital fund for high-technology industries and loans for education, health, the environment and urban renewal.

"There will be no new spending and no new powers for the EU," said Theo Waigel, the German finance minister. He also insisted that the new commitments on employment would not water down the low-deficit, low-debt criteria for launching the single currency, or the stability pact that will make those constraints permanently binding.

Dutch officials, who brokered the deal as holders of the Union's rotating presidency, also stressed the deal's modesty and declined to give any estimate of new lending or possible job creation. "It's certainly not the intention that there should be lots of subsidies handed out," Finance Minister Gerrit Zalm said.

French officials, while acknowledging the agreement's modesty, still portrayed it as the beginning of a turn in European policy away from a single-minded pursuit of low budget deficits and low inflation. The employment res-

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Turkish Leader Set to Quit, but Hopes to Return

Erbakan Predicts That Voters Will Give Him a New Mandate

By Stephen Kinzer
New York Times Service

ISTANBUL — Prime Minister Necmettin Erbakan said Monday that he would soon resign, but predicted that after new elections he would be returned to office with a strengthened popular mandate.

Mr. Erbakan, the first Islamist to lead modern Turkey, has been under intense pressure from the military. Senior officers say his government is undermining the secular basis of the Turkish state and leading the country toward fundamentalism.

Although Mr. Erbakan would not say when he intended to resign, aides said it would probably be Wednesday. He hopes to turn his job over to his coalition partner, Foreign Minister Tansu Ciller, but it is far from certain that he will be able to do so.

Under the Turkish Constitution, Mr. Erbakan will hand his resignation to President Suleyman Demirel, who is an outspoken secularist but who has also issued warnings in recent days about the need to preserve civilian rule. Mr. Demirel may ask anyone to form a new government, and that person would then have to try to win support from a majority of the 550 members of Parliament.

Mr. Erbakan and his senior aides say they believe Mrs. Ciller would be the logical first choice, but others are not so sure. She has been tainted by accusations of corruption, all of which she has denied.

Some Turkish analysts suspect that President Demirel will ask Mesut Yilmaz, leader of the secular Motherland party, to try to form the next government.

"He has a certain reluctance to go with Ciller," said Yilmaz Esmer, a political scientist who is a dean at Bosporus University in Istanbul. "I think he'll ask Yilmaz first, and if Yilmaz can't put together a government, then he might reach out further and ask someone who is not a major political figure."

At a news conference in Istanbul on Monday, Prime Minister Erbakan defended his record and accused his

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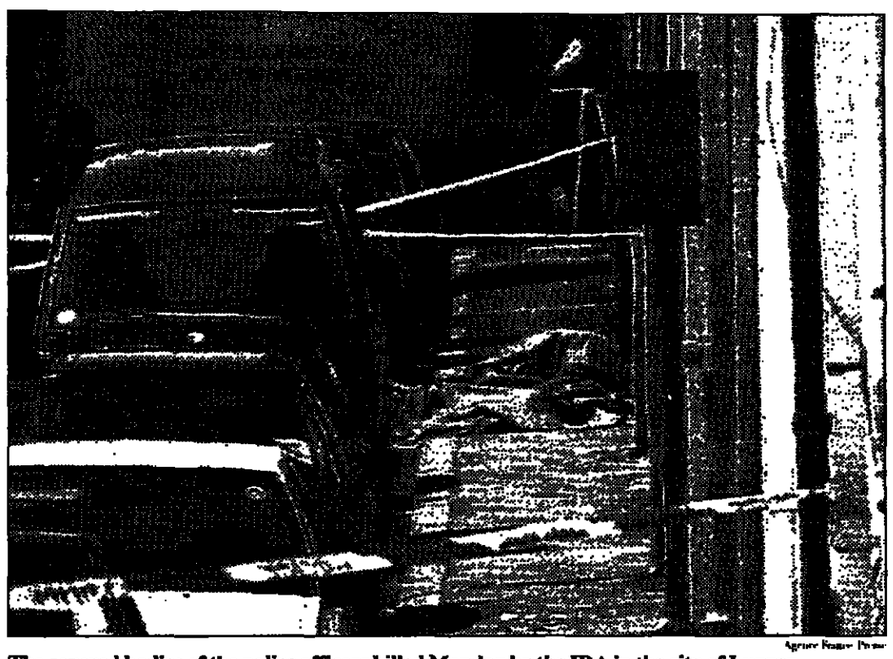

Agence France-Presse

The covered bodies of the police officers killed Monday by the IRA in the city of Lurgan.

IRA Kills 2 Policemen; London Suspends Talks

Ambush in Ulster Raises Tension for Summer

By Fred Barbash
Washington Post Service

LONDON — The Irish Republican Army shot and killed two Northern Ireland police officers in an ambush Monday, prompting the British government to end discussions with the IRA's political arm, Sinn Fein.

The shootings, combined with earlier violence and continued disagreements between Protestants and Roman Catholics about the routes of various sectarian marches scheduled in the next few months, are the cause of deep concern among officials in London and Dublin about what the summer may bring in the province.

They say they fear a repeat of last summer's rioting, arson attacks and general mayhem, even though they had hoped that new governments in both Britain and Ireland might open the way to renewed peace in the north.

In Britain's election May 1, voters ousted Prime Minister John Major's Conservative government, which had become a minority dependent in part on votes of Protestant members of Parliament from Northern Ireland. The new Labour government, with a huge parliamentary majority under Prime Minister Tony Blair, has much more flexibility.

On June 6, voters in the Republic of Ireland ousted the coalition government of the Fine Gael Party prime minister, John Bruton. Bertie Ahern is forming a coalition government led by his Fianna Fail Party, which traditionally has been more sympathetic to Sinn Fein and to Irish nationalism generally.

The two officers of the Royal Ulster Constabulary were shot at close range Monday while on routine patrol in the town center of Lurgan, in County Armagh. The attackers — two people,

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Japan, Adept at Imitating, Starts to Invest in Innovation

"Knowledge shall be sought for all over the world, and thus shall be strengthened the foundation of the imperial polity."
Emperor Meiji, 1868

By Velisarios Kattoulas
International Herald Tribune

TOKYO — With these words nearly 130 years ago, the Emperor Meiji started a cycle of dependence on Western know-how that more than a century later remains one of Japan's dominant features.

From the technology used in some of its omnipresent consumer electronics to social welfare, finance and management, Japan continues to rely heavily on foreign technology and ideas.

Now, however, Japan is trying to wean itself from foreign know-how as its rivals grow reluctant to share valuable new technologies and ideas.

Most visibly, Japan is investing heavily in research in areas such as telecommunications and biotechnology, areas that are expected to underpin the industrial and consumer goods of the future.

But despite plans to inject nearly $150 billion into basic research, scientists say Japan is unlikely to dominate Nobel prizes for science and medicine soon.

Moreover, in areas such as social welfare, finance and management, Japan's dependence on foreign brainpower appears unlikely to wane, analysts and government officials said.

"People often say Japan's borrowing of ideas is cultural and that it's not a creative country," said Alice Amsden, a professor of political economy at Massachusetts Institute of Technology.

"But it reflects its origins as a country that began industrialization late under the pressure of not having its own strong technology to begin with."

Japan first harnessed foreign ideas and technology about 2,000 years ago when it began to borrow liberally from Korea and China. It only started to borrow extensively from the West, however, in the 1860s, when the Western powers turned up on its shores in gunboats. Afraid that the United States or another industrialized nation would invade, Japan rapidly modernized, using Western ideas and technology to build up its armed forces and escape the humiliation of colonization.

Similarly, the bureaucrats in charge of rebuilding Japan after World War II said it would be unrealistic for Japan to develop its own ideas and technologies.

Japan was impoverished and lacked the resources to fund basic research, the bureaucrats argued, spreading their message through the nation's schools.

"In Japan, we are taught from childhood that having opinions different to those of other people is usually frowned upon," said Kazuo Inamori, who founded the innovative ceramics company Kyocera Corp.

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AGENDA

Luke Frazza/Agence France-Presse

WE DID IT! — Ernie Els, right, hugging his caddie, Ricci Roberts, after winning the U.S. Open. Page 22.

Cease-Fire on 'Who Is a Jew?'

JERUSALEM (AP) — Prime Minister Benjamin Netanyahu's envoy to negotiations between rigorously Orthodox and liberal Jews over conversions to Judaism said Monday that the sides were nearing a "cease-fire."

At issue is legislation demanded by Mr. Netanyahu's Orthodox coalition allies to encode into law the Orthodox monopoly over conversions in Israel.

The bill threatens to drive a wedge between Israel and world Jews and has deepened tensions between secular Israelis and the increasingly powerful religious minority. A Likud lawmaker said the Orthodox were willing to compromise if the Reform and Conservative movements halted a court battle to weaken the Orthodox monopoly over marriage, divorce, burial and conversion for Jews in Israel.

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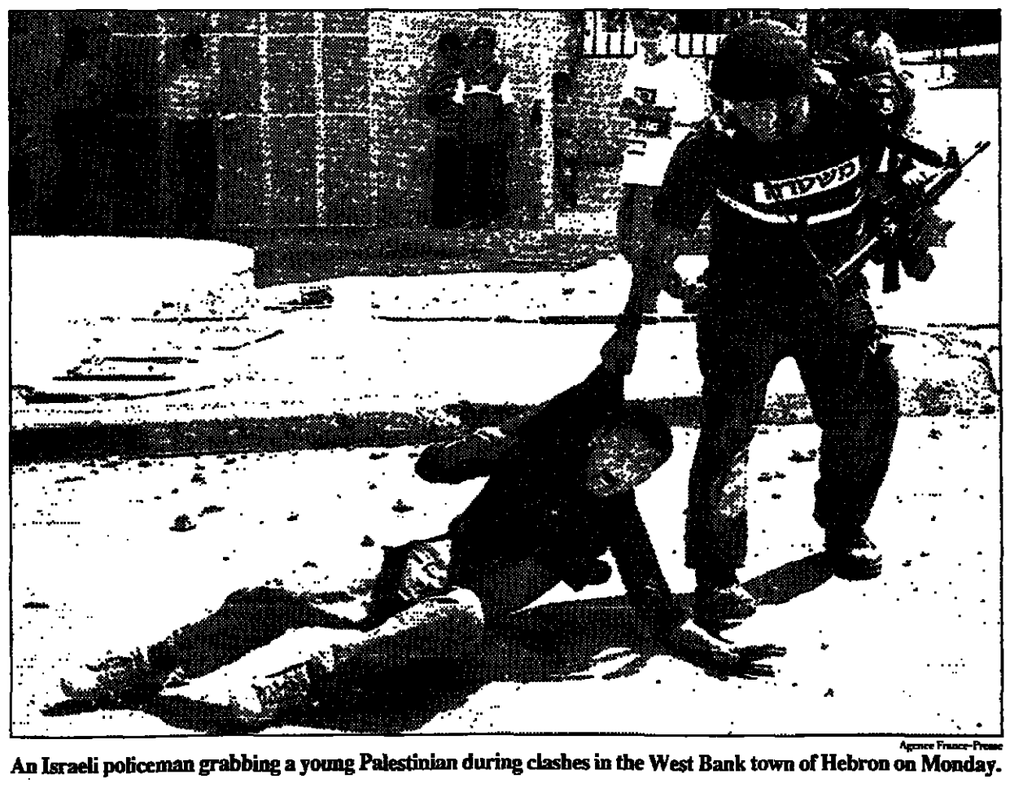

Agence France-Presse

An Israeli policeman grabbing a young Palestinian during clashes in the West Bank town of Hebron on Monday.

The Dollar		
New York	Monday @ 4 P.M.	previous close
DM	1.732	1.7365
Pound	1.6375	1.637
Yen	113.45	114.805
FF	5.8395	5.868

The Dow		
change	Monday close	previous close
-9.95	7772.09	7782.04

S&P 500		
change	Monday @ 4 P.M.	previous close
+0.66	893.93	893.27

Newsstand Prices			
Bahrain	1.000 Din	Malta	55 c.
Cyprus	C. £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 D.Kr.	Oman	1.250 Rials
Finland	12.00 F.M.	Qatar	10.00 Rials
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 R
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. Sh. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

Tatarstan Chief Bargains For Moscow's Fading Might

By David Hoffman
Washington Post Service

NABEREZHNYE CHELNY, Russia — On the banks of the Kama River here lies a beached, sick whale of Russian industry. Mountains of wheel hubs and tentacles of steel pipes feed into the cavernous assembly lines of Kamaz, the largest heavy-truck factory in the former Soviet Union.

Once a state enterprise run from Moscow, Kamaz has been foundering since the Soviet Union's collapse, saddled with debts, huge losses, staggering energy bills, slumping demand for trucks and a restive work force. Last year, the Kremlin tried to put Kamaz out of its misery, demanding $24 million in back taxes and threatening to force it into bankruptcy.

But Moscow lost the fight to Mintimer-Shaimiev, president of Tatarstan, a semiautonomous, oil-rich internal Russian republic, which will soon scoop up the giant Kamaz truck factory. In exchange for paying its bills and pumping millions of dollars into the ailing company, Mr. Shaimiev's government will obtain control of the largest block of Kamaz shares.

That Mr. Shaimiev is taking over this gigantic factory is only the latest evidence of a fundamental shift in Russia's post-Soviet balance of power.

The Kremlin's might is waning, giving rise to new barons of business and politics. Among them are regional bosses like Mr. Shaimiev, 60, who rose from a Tatar village to become a Soviet Communist Party functionary and a post-Soviet power broker. He has built a small personal empire within Tatarstan, a landlocked, multiethnic republic of 3.7 million people in the Volga-Urals region, 450 miles (720 kilometers) east of Moscow.

Tatarstan is one of 21 republics inside Russia, most created in the early Soviet years to recognize strong ethnic groups. In all, there are 89 Russian republics and autonomous regions.

See BARONS, Page 10

Proposal Gives Israel Bulk of West Bank

By Barton Gellman
Washington Post Service

JERUSALEM — Prime Minister Benjamin Netanyahu, a vigorous critic of previous Israeli-Palestinian accords, has begun laying the groundwork for his own first proposal to settle the conflicting national claims to the West Bank.

Deliberately vague and not discussed openly yet, the proposal implies Israeli annexation of the larger part of the territory captured from Jordan in the 1967 Middle East War. Among the lands that would pass from Israeli military rule to outright Israeli sovereignty are the principal aquifers, columns of territory along the West Bank's borders with Israel and Jordan, and a corridor from Jerusalem to the Jordan River that would cut the West Bank in half.

The broad principles used to describe the plan suggest that Palestinians would receive three or four enclaves, amounting to roughly 40 percent of the territory of the West Bank, drawn to enclose nearly all of the Palestinian population.

The Palestinian entity, lacking statehood and possessing no border with Jordan, would be sandwiched between territories annexed by Israel and sliced by four east-west roadways controlled by the Israeli Army.

Although Mr. Netanyahu treats the proposal publicly as something "I've offered," his government has not discussed it with Palestinians and has no plans to do so.

Drafters of the proposal, which has been outlined to cabinet members and a few journalists, said its primary goal is political — reassuring, in the main, to right-wing dissenters in Mr. Netanyahu's governing coalition and intended as a challenge to the opposition Labor Party's new leader, Ehud Barak.

Reports about the proposal come amid the most serious sustained impasse in Israeli-Palestinian talks since the two peoples reached mutual recognition in 1993. Palestinian leaders, who broke off talks when Mr. Netanyahu sent bulldozers to East Jerusalem in March to

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Last of the 'White Coolies' / **Hong Kong's Accidental Tourists**

End of the Empire for the Bartending Brits

By Keith B. Richburg
Washington Post Service

HONG KONG — Alasdair Houston came to Hong Kong because he wanted to get away from home. Andy Preddy stopped by on his way home. And Jean Paul Oliver came after getting drunk with his mate.

They are part of an army of thousands of young British expatriates who came to Hong Kong to take low-end jobs as waiters, bartenders, airport construction workers, sandwich delivery boys, even shoeshine boys on the street. For many first-time visitors to Hong Kong they are one of the most surprising sights and a quirky symbol of Britain's fading empire — white faces in service jobs in a highly affluent Chinese city.

They came to escape what they call the economic doldrums and the grime and the gray of home. Many came by accident, making a stopover on the way to more exotic Southeast Asian locales. They are here to make "a few quid" before moving on.

"When I left, it was really bad in England," said Mr. Preddy, 26, a bartender at La Dolce Vita bar in the trendy Lan Kwai Fong neighborhood in the district known as Central. He left Blackpool and spent time working on a farm in Australia before landing in Hong Kong. "I was a bus driver. It was really stressful — robberies all the time."

He was on his way back to Blackpool, came here on a two-week stopover and never left. "It was so easy to get work," he recalled. "I was here only two hours and got a job."

Hong Kong's native Chinese, whose $26,000 median annual household income makes them wealthier than the typical British colonizer, often look with disdain upon these young English interlopers, labeling them "white coolies," or, even more derisively, FILTH, which stands for Failed In London, Try Hongkong. But many restaurateurs and bar owners agree that the young British expatriates fill a vital need, taking the low-skilled, low-wage jobs that few locals want or need.

Now with Hong Kong set to revert to Chinese rule July 1, ending 150 years of colonial rule, the British expatriates are losing one of the last privileges of empire — the right to move to Hong Kong and work without the burden of obtaining an entry visa or employment permit.

The change actually took effect April 1, when new regulations allowed incoming Britons only a six-month tourist visa. Britons coming into Hong Kong before that date were still given full, one-year passport stamps — prompting a flood of young Brits to leave Hong Kong for Macau just before the deadline so they could return to a final, 12-month residency. After a year, they will have to leave.

"I heard about it and made a quick trip to Macau, and made a bit of money at the Lisboa Casino" there, said Mr. Houston, skinny and boyish-looking at 20. He works as the bar supervisor at Dillinger's, a popular watering hole for the "suits" from the investment banks and brokerage firms.

He came to Hong Kong last year from a fishing village in Scotland after finishing college and feeling bored with life. "I just wanted to get away and travel," he said. "I booked my ticket to Moscow, then the Trans-Siberian to China. I came overland." His goal was to make his way to Thailand, but he said, "I haven't gotten there yet." The lure here was too good — about $1,225 each month, plus tips, which can average as much as $130 a week.

"I got here one night and got a job the next just by talking to somebody in a hostel," he said.

Immigration officials estimate there are about 25,000 British citizens living and working in Hong Kong — a few still holding key government jobs, many more working in banks and brokerage firms, and countless others who came here as backpackers and have taken up temporary work.

THE expatriate staffs give some popular Western-style bars and pubs a certain international flavor, adding a working-class, cockney accent to a Chinese city.

"My personal opinion is it's really nice to have some variety," said Siria Montebugnoli, manager of La Dolce Vita. "I believe in variety." Already, she said, she has started recruiting local Chinese. "Certainly the expat staff in bars will have to be replaced by local staff."

Of all the accidental tourist stories, few have it over the story of Jean Paul Oliver, who also works at Dillinger's. Oliver, 22, who sports sideburns and pulls his dark hair back into a ponytail, said he never intended to come here at all. He was seeing off a friend, and the two went out for a few last pints.

"We were having a couple of beers," Oliver said. By the time they got to London's Heathrow Airport, "we were just drunk." Then his friend laid down a challenge. "He said, 'Have you got your passport?' I said, 'Yeah.' And he offered to pay my way if I came with him."

He arrived on a Saturday and started bar work the following Thursday. "It's ridiculously easy," he said. "All you have to do is go to the immigration office and get an ID card." He added, "I didn't expect to see so many English people here. There are hundreds and hundreds."

But with Mr. Oliver and most of the other foreign bartenders set to leave next year when their visas expire, the expatriate British bartender scene — like Union Jack flags, portraits of the queen and the firing of the noonday gun — seems destined to become another relic of Hong Kong's colonial past.

Jessi Meili Lau/The Washington Post

One sight about to disappear in Hong Kong is that of white faces in service jobs in a wealthy Chinese city. Here, a bartender in La Dolce Vita, a popular club.

Top General Defends U.S. Choices for NATO

Only 3 Nations Qualify Now, He Says

By Brian Knowlton
International Herald Tribune

WASHINGTON — The chairman of the Joint Chiefs of Staff, General John Shalikashvili, on Monday strongly defended the U.S. preference to admit only three new members to NATO at this time, but said the alliance should draw other applicants steadily closer, enhancing the Partnership for Peace and "bringing them inside the fence" at NATO headquarters.

Stepping up their training and involvement in the Partnership, designed by the North Atlantic Treaty Organization to foster military cooperation with East and Central European nations, he said, would "send a signal to them that we're very serious" about further enlargement.

The general, explaining the U.S. vow to support only Poland, Hungary and the Czech Republic when NATO leaders meet next month in Madrid to discuss enlargement, said that "it makes eminent sense" to accept those three.

They enjoy wide support among the allies, he said, and have come far toward political democratization and an opening of their economies.

Romania and Slovenia, despite their backing from France and other members, are "not quite as ready," he added.

The general took pains to insist not only that those two and other rejected candidates for membership would not be forgotten, but also that NATO would actively draw them into its embrace until it is ready to accept a second group.

He said NATO should do "qualitatively more" with the spurned candidates.

At the alliance's headquarters at Mons, Belgium, he said, representatives of the Partnership for Peace countries are "in a separate building outside the fence."

"The first thing we need to do," he said, "is physically and mentally bring the Partners inside the fence so they can feel they're really part of the structure" in matters apart from the core NATO obligation: that each member should view an attack on another member as an attack on itself.

He said military exercises for these countries should become "more and more militarily challenging, so they prepare them better for the kind of Bosnias of tomorrow, however strenuous and stressful they may become."

General Shalikashvili said training should be stepped up in matters of command and control, and on the conduct of operations — "things that, up to now, we have stayed away from."

The three probable new members, General Shalikashvili told a small group of reporters at his office in the Pentagon, had large and competent military forces and had made important strides politically and economically. All had contributed importantly to the peacekeeping operation in Bosnia, he noted.

In a next round of enlargement, he added, Romania and Slovenia will be "very strong candidates." What is lacking from both, he said, is "a multiyear, sustained effort."

Although officials of those two countries said they were surprised when the United States said unequivocally last week that it would support only Poland, Czech Republic and Hungary, that has long been the U.S. position, and will almost certainly be the position ultimately adopted in Madrid.

The membership question is not the only one awaiting the session in Madrid.

France has been pressing the United States to agree that the alliance's Southern Command, based in Naples, be placed under a European commander, not an American.

General Shalikashvili said the United States agreed on the need for a growing European role in the alliance, but he dismissed the Southern Command complaint. That, he said, "is a question only in the French mind."

General Shalikashvili, a four-star army general whose term as the United States' senior uniformed officer ends Sept. 30, is a former Supreme Allied Commander Europe.

Limiting the number of new members now, he said Monday, would help the alliance preserve cohesion and also stretch out costs.

Estimates for the cost of enlargement have varied widely. The Pentagon has put the total cost at $27 billion to $35 billion over 10 years, and said it would expect the United States to pay $1.5 billion to $2 billion of that, or $150 million to $200 million a year.

Other estimates, however, have been far higher. The Congressional Budget Office has put the total cost at $125 billion.

Without budging from the lower estimate, General Shalikashvili said that the cost of integrating new members — from buying weapons and upgrading military bases to integrating communications, command and control systems — might be "slightly higher."

Regardless, he said, the costs would be small compared to the increased stability enlargement would bring Europe.

Slovenia's backers had argued that giving membership to that small former Yugoslav republic would have simplified membership for Hungary by creating a "land bridge" between Hungary and Italy, a NATO member. Hungary shares no border with a NATO country.

That, said General Shalikashvili, might have been a problem in Cold War days. But Hungary served as a staging base for NATO troops in the Bosnian operation, he noted, and there had been no difficulties getting troops and supplies there by train or plane.

He would not speculate, however, on how far the alliance, born in the early Cold War years as a bulwark against communism but now undergoing a vast re-examination of its role, might eventually expand.

A key to preserving NATO effectiveness, General Shalikashvili said, will be maintaining good relations with Moscow.

Without such a relationship, he said, "we are in danger of having a Europe that's once again divided — all we will have done is moved the Iron Curtain maybe from one side of Poland to the other."

"This is an opportunity to build a different Europe — not one where one side is prosperous and stable and feels secure because of the collective defense aspects of the alliance," he said, "and the other half feels insecure, economically underdeveloped, concerned about where Europe is going."

"This is an opportunity that is just absolutely unique," he said, "but it won't last long. we can't sit here forever."

WITNESS LEE
CHRISTIAN TEACHER (1905-1997)

Witness Lee, a bondslave of Christ Jesus, having labored selflessly throughout his entire life and having poured out his being for his Lord's interest, rested from his labor and went to be with the Master, whom he loved and served. He departed on June 9, 1997, at the age of 91. Born in 1905 in northern China, Witness Lee was raised in a Christian family. At age 19 he was fully captured for Christ and immediately consecrated himself to preach the gospel for the rest of his life.

Early in his service, Witness Lee met Watchman Nee, a renowned preacher, teacher, and writer. Witness Lee labored together with Watchman Nee under his direction. In 1934 Watchman Nee entrusted Witness Lee with the responsibility for his publication operation, called the Shanghai Gospel Bookroom.

Prior to the Communist takeover in 1949, Witness Lee was sent by Watchman Nee and his other co-workers to Taiwan to insure that the things delivered to them by the Lord would not be lost. Watchman Nee instructed Witness Lee to continue the former's publishing operation abroad as the Taiwan Gospel Bookroom, which has been publicly recognized as the publisher of Watchman Nee's works outside China. Witness Lee's work in Taiwan manifested the Lord's abundant blessing. From a mere 350 believers, newly fled from the mainland, the churches in Taiwan grew to 20,000 in five years.

In 1962 Witness Lee felt led of the Lord to come to the United States, settling in California. During his 35 years of service in the U.S., he ministered in weekly meetings and weekend conferences, delivering several thousand spoken messages. Much of his speaking has since been published as over 400 titles. Many of these have been translated into over 14 languages. He gave his last public conference in February 1997 at the age of 91.

He leaves behind a prolific presentation of the truth in the Bible. His major work, *Life-study of the Bible*, comprises over 25,000 pages of commentary on every book of the Bible from the perspective of the believers' enjoyment and experience of God's divine life in Christ through the Holy Spirit. Witness Lee was the chief editor of a new translation of the New Testament into Chinese called the Recovery Version and directed the translation of the same into English. The Recovery Version also appears in a number of other languages. He provided an extensive body of footnotes, outlines, and spiritual cross references. A radio broadcast of his messages can be heard on Christian radio stations in the United States. In 1965 Witness Lee founded Living Stream Ministry, a not-for-profit corporation, located in Anaheim, California, which officially presents his and Watchman Nee's ministry.

Witness Lee's ministry emphasized the experience of Christ as life and the practical oneness of the believers as the Body of Christ. Stressing the importance of attending to both these matters, he led the churches under his care to grow in Christian life and function. He was unbending in his conviction that God's goal is not narrow sectarianism but the Body of Christ. In time, believers began to meet simply as the church in their localities in response to this conviction. These local churches were soon established throughout all the Western hemisphere. In recent years a number of new churches have been raised up in Russia and in many eastern European countries.

Witness Lee is survived by his wife, 8 children, 23 grandchildren, and 17 great-grandchildren. The continuation of his ministry will be borne by the many co-workers he raised up throughout the earth, and his publication work will be maintained by Living Stream Ministry.

TRAVEL UPDATE

Comeback for Smaller Aircraft

PARIS (AFP) — Travelers will find themselves riding in more turboprops and small jets in the years to come, as cost-cutting airlines pull bigger aircraft off low-density routes, industry executives said Monday.

Competition is stiff at the Paris Air Show this week in the "regional aircraft" sector, airplanes that carry 15 to 90 passengers over relatively short distances.

Pierre Lortie, president of the regional aircraft unit of Canada's Bombardier Inc., said that airlines could no longer justify the cost of flying Boeing 737s or Airbus A320s on routes that have a limited number of passengers.

Bangladesh to Upgrade Airport

DHAKA, Bangladesh (AFP) — Osmany airport in the northeastern district of Sylhet is to be upgraded to become Bangladesh's third international airport by the middle of next year, a minister said Monday.

Mohiuddin Khan Alamgir, state minister for civil aviation and tourism, told Parliament that new customs and immigration facilities were already in operation and that the runway was being extended to take wide-bodied jets. Bangladesh's two other international airports are in Dhaka and the southeastern city of Chittagong.

After five weeks of fruitless job action, Serbia's doctors on Monday closed the main clinic in Belgrade, hoping to pressure the government into paying back salaries. *(AP)*

Italian airport workers' unions say they will stage a national strike on June 25, the latest stoppage in a protracted dispute over working conditions and job cuts. Unions said that the four-hour strike would begin at 10 A.M. *(Reuters)*

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Turkish Leader Vetoes Bill to Close Casinos

The Associated Press

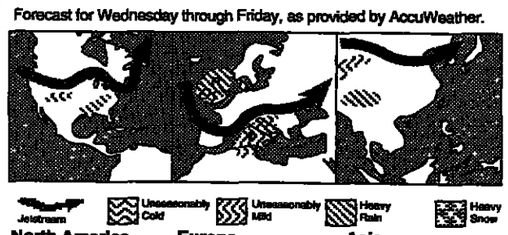
ANKARA — President Suleyman Demirel vetoed a bill Monday to close casinos in Turkey and asked Parliament to consider creating special gambling zones, Las Vegas-style.

A statement from the presidential palace said Mr. Demirel overruled the measure on grounds that it would harm Turkey's credibility with investors, force Turkey to pay out large amounts in compensation and hurt tourism.

Parliament approved closing the gambling houses earlier this month after a campaign by the Islamic-led government of Prime Minister Necmettin Erbakan. Gambling is a sin under Islam.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Showers and thunderstorms will rumble across the East from Tennessee to New York Wednesday and Thursday, then dry with sunshine Friday. Warm and dry from the Southwest into the central Plains. Sunny and nice in the Northwest, but the northern Plains will have thunderstorms

Europe
Partly to mostly sunny from Italy to Greece and the Balkans. Turkey will also be warm with some sun, but a few spots will have a thunderstorm. Most of France and southern England, including Paris and London, will be partly sunny and pleasant. Soaking rains will fall in Scotland.

Asia
Sunny and hot in Beijing Wednesday, then thunderstorms followed by cooler weather Thursday and Friday. Partly sunny and very warm in Seoul with a thunderstorm Friday. Humid in Tokyo with some showers and a thunderstorm. Soaking rains will fall across south-central China.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	21/70	12/53 pc	22/71	15/61 s
Amsterdam	18/61	7/44 pc	17/62	11/52 c
Ankara	24/75	7/44 pc	29/84	11/52 s
Athens	31/88	23/73 s	34/93	25/77 s
Barcelona	20/68	15/59 c	22/71	15/59 c
Belgrade	34/93	17/62 pc	32/89	19/66 s
Berlin	20/68	9/48 pc	19/66	9/48 s
Brussels	19/64	8/46 pc	19/66	12/53 c
Budapest	32/89	16/61 pc	27/80	18/61 c
Copenhagen	19/66	9/48 pc	18/64	8/46 c
Costa Del Sol	29/79	14/57 pc	24/75	14/57 s
Dublin	17/62	11/52 pc	14/57	8/46 r
Edinburgh	16/61	11/52 c	15/59	8/46 r
Florence	31/88	17/62 pc	31/88	19/66 pc
Frankfurt	21/70	9/48 pc	21/70	8/46 s
Geneva	21/70	12/53 sh	23/73	13/55 c
Helsinki	14/57	12/53 r	13/55	10/50 r
Istanbul	28/82	18/64 s	28/82	22/71 s
Kiev	24/75	15/59 pc	24/75	11/52 r
Las Palmas	24/75	17/62 s	23/73	18/64 s
Lisbon	19/66	12/53 pc	23/73	15/59 s
London	18/64	11/52 c	18/64	11/52 c
Madrid	29/79	12/53 pc	23/73	11/52 sh
Mallorca	19/66	16/61 c	21/70	16/61 c
Milan	30/86	17/62 pc	29/84	18/64 c
Moscow	21/70	13/55 c	20/68	13/55 sh
Munich	21/70	9/48 sh	21/70	11/52 r
Nice	27/80	19/66 pc	27/80	20/68 c
Oslo	17/62	10/50 sh	18/64	11/52 sh
Paris	20/68	10/50 pc	22/71	12/53 c
Prague	17/62	8/46 r	21/70	9/48 pc
Reykjavik	10/50	9/48 pc	13/55	7/44 sh
Riga	19/66	12/53 r	18/64	10/50 r
Rome	29/84	19/66 pc	29/84	22/71 c
St. Petersburg	19/61	12/53 c	16/59	12/53 r
Stockholm	14/57	9/48 r	13/55	8/46 sh
Strasbourg	20/68	11/52 c	22/71	12/53 pc
Tallinn	14/57	10/50 r	13/55	10/50 r
Tbilisi	29/77	18/61 sh	25/77	16/61 sh
Venice	29/84	18/64 pc	29/82	19/66 c
Vienna	27/80	11/52 pc	22/71	13/55 c
Warsaw	23/73	11/52 pc	19/66	8/46 c
Zurich	20/68	12/53 r	21/70	12/53 sh

Middle East

Abu Dhabi	38/102	26/79 s	41/106	26/79 s
Beirut	29/79	18/64 s	27/80	20/68 s
Cairo	37/98	19/66 s	36/97	19/66 s
Damascus	31/88	13/55 s	33/91	14/57 s
Jerusalem	28/82	13/55 s	30/86	15/59 s
Luxor	45/113	21/70 s	45/113	21/70 s
Riyadh	44/111	26/84 s	43/109	28/82 s

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	22/71	10/50 pc	19/66	8/46 pc
Atlanta	31/88	21/70 pc	31/88	20/68 t
Boston	24/75	16/61 c	24/75	18/64 sh
Chicago	29/79	14/57 pc	27/80	16/61 sh
Dallas	31/88	22/71 t	32/89	21/70 pc
Denver	27/80	13/55 pc	30/86	13/55 pc
Detroit	25/79	13/55 pc	24/75	16/61 sh
Honolulu	30/86	23/73 pc	32/89	23/73 pc
Houston	33/91	24/75 t	33/91	23/73 t
Los Angeles	30/86	17/62 s	29/84	16/61 pc
Miami	32/89	24/75 pc	32/89	24/75 pc
Minneapolis	24/75	13/55 t	28/82	15/59 pc
Montreal	21/70	10/61 r	23/73	18/64 t
Nassau	31/88	23/73 pc	31/88	23/73 pc
New York	27/80	19/66 t	27/80	20/68 pc
Orlando	34/93	23/73 pc	33/91	22/71 pc
Phoenix	40/104	26/79 s	40/104	26/79 s
San Fran.	24/75	13/55 pc	23/73	13/55 pc
Seattle	20/68	11/52 sh	20/68	9/48 c
Toronto	23/73	11/52 pc	23/73	14/57 r
Vancouver	19/66	7/44 r	17/62	8/46 pc
Washington	30/86	20/68 t	30/86	21/70 pc

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	34/93	17/62 pc	33/91	19/66 pc
Bali	32/89	23/71 pc	31/88	21/70 sh
Bangkok	32/89	24/75 sh	32/89	24/75 c
Beijing	35/95	23/73 c	27/80	23/73 t
Bombay	29/84	26/79 t	29/84	25/77 t
Calcutta	38/100	29/84 s	38/100	28/82 pc
Chiang Mai	33/91	23/73 sh	32/89	23/73 c
Colombo	30/86	25/77 s	30/86	24/75 pc
Hanoi	30/86	26/79 t	31/88	26/79 t
Ho Chi Minh	32/89	23/73 pc	32/89	23/73 pc
Hong Kong	28/82	24/75 r	28/82	24/75 r
Islamabad	44/111	25/77 s	43/109	26/79 s
Jakarta	31/88	23/73 pc	30/86	23/73 pc
Karachi	34/93	24/75 s	34/93	26/79 s
K. Lumpur	31/88	23/73 pc	31/88	23/73 pc
K. Kinabalu	31/88	21/70 pc	31/88	20/68 pc
Manila	31/88	23/73 r	31/88	23/73 pc
New Delhi	42/107	29/84 pc	43/109	29/84 s
Phnom Penh	32/89	23/73 pc	32/89	23/73 pc
Phuket	32/89	24/75 sh	32/89	24/75 c
Rangoon	32/89	24/75 sh	32/89	23/73 c
Seoul	33/91	19/66 pc	32/89	18/66 pc
Shanghai	28/82	18/64 s	27/80	19/66 pc
Singapore	31/88	21/70 pc	31/88	21/70 pc
Taipei	27/80	19/66 s	27/80	20/68 s
Tokyo	24/75	21/70 sh	24/75	23/73 r
Vientiane	30/86	26/79 r	29/84	26/79 r

Africa

Algiers	28/82	18/64 pc	23/73	17/62 c
Cape Town	12/53	3/37 c	14/57	5/41 s
Casablanca	19/66	12/53 s	19/66	15/59 pc
Harare	27/80	12/53 pc	27/80	11/52 s
Lagos	28/82	22/71 c	28/82	22/71 t
Nairobi	23/73	13/55 sh	24/75	11/52 pc
Tunis	34/93	24/75 pc	38/100	26/79 pc

Latin America

Buenos Aires	13/55	3/37 c	11/52	6/43 s
Caracas	30/86	23/73 pc	30/86	24/75 s
Lima	23/68	18/61 c	23/68	18/61 c
Mexico City	28/82	13/55 pc	24/75	13/55 c
Rio de Janeiro	24/75	16/61 c	24/75	19/66 s
Santiago	11/52	3/37 r	14/57	4/39 s

Oceania

Auckland	14/57	14/57 sh	17/62	9/48 r
Sydney	16/61	8/46 c	16/61	9/48 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hca, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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Clinton Weighs Apology for Slavery

By Peter Baker
Washington Post Service

WASHINGTON — As he began his drive to improve race relations in America, President Bill Clinton suggested that he was open to the politically volatile idea of issuing a national apology to blacks whose ancestors had been sold into slavery.

The proposal emerged last week in legislation introduced by a dozen white members of Congress, who argued that a formal statement of regret would help bind the wounds that still sting 134 years after President Abraham Lincoln signed the Emancipation Proclamation freeing slaves in the Confederate South.

"An apology, under the right circumstances, those things can be quite important," Mr. Clinton said in an interview shown Sunday on CNN. "Surely, every American knows that slavery was wrong and that we paid a terrible price for it and that we had to keep repairing that. And just to say that it's wrong and that we're sorry about it is not a bad thing. That doesn't weaken us."

Mr. Clinton stopped short of committing himself to the notion, saying he wanted to think it through. He has used such symbolism in the past, apologizing in 1995 to victims of Cold War radiation experiments and just last month to black Alabamans who had been left untreated for syphilis as part of the so-called Tuskegee experiment.

The CNN interview was taped Saturday in San Diego, just after Mr. Clinton delivered what he intended to be a landmark speech on race that would start a yearlong national dialogue on relations among Americans of differing racial and ethnic backgrounds.

He appears to have succeeded, at least, in focusing media attention. Aides boasted that even before his speech Saturday, CNN had aired nine stories on the topic in the past week, and television talk shows Sunday explored the issue.

Without being asked, Mr. Clinton gave interviews to the major U.S. broadcast outlets as well.

Using stronger language than in his speech, Mr. Clinton told CNN that rolling back affirmative action — as the voter initiative called Proposition 209 will do in California if it survives a court challenge — already has had a "devastating" impact on minority-group enrollment in graduate schools.

His increasingly tough attacks on such measures contrast with his tone a year ago, when liberals complained that he had downplayed his opposition to Proposition 209 for fear of being on the wrong side of a big election-year issue.

Mr. Clinton dismissed such criticism as unfair.

"If they say that, they just weren't paying attention," he said. "I came out against 209 every time I was in California and every time I was asked about it."

But Mr. Clinton's reluctance to endorse the slavery apology outright and the quick criticism from some conservatives of both that proposal and the president's overall strategy indicated just how rancorous his new national conversation may turn out to be.

The apology legislation, which has six sponsors from each major party, states that "the Congress apologizes to African Americans whose ancestors suffered as slaves under the Constitution and laws of the United States until 1865," when the 13th Amendment formally abolished slavery.

The House speaker, Newt Gingrich, Republican of Georgia, last week derided the measure as an empty gesture that would do nothing to improve the plight of children living in poverty.

On the ABC network Sunday, the Senate majority leader, Trent Lott, echoed those sentiments.

"I probably would not vote for it," the Mississippi Republican said of the apology, "because I think we should be looking to the future, talking about the things we need to do to work together."

Ward Connerly, the black California businessman who championed Proposition 209, called the apology "absurd" and unproductive.

"Apologizing for slavery is probably one of the dumbest things anyone could do," he said on NBC.

Sitting next to him, the civil-rights leader Jesse Jackson offered softer criticism.

"It's not dumb," he said, "but it's not a good thing. It has no substantive value to it."

Asked about the possibility of an apology, the head of the president's panel studying race relations replied that he could not say whether one would be proposed.

Another panel member, Robert Thomas, who is president of Nissan Motor Corp., said an apology "certainly is something that we would consider as an advisory board."

Rebels escorting captive Colombian soldiers to a ceremony in which they would be returned to the government.

In Colombia, Hostages for Land

By Diana Jean Schemo
New York Times Service

CARTAGENA DE CHAIRA, Colombia — With the flags of a clandestine rebel movement held high and its anthem playing in the town square, Colombian rebels freed 70 national soldiers and marines after the government agreed to cede temporary control of a swath of territory to the insurgents.

The agreement involved military evacuation of roughly 5,500 square miles (14,300 square kilometers) and ended an ordeal that had gone on for nearly a year.

The rout of government troops last August at Las Delicias, where 60 of the servicemen were taken prisoner and about 30 died, became a barometer of disarray in a country paralyzed by an apparent lack of presidential authority. It underscored the growing power and audacity of the guerrillas and deepened divisions between the military and the government.

[President Ernesto Samper, in a television interview, told Colombians he was satisfied with the arrangement, Agence France-Presse reported. "The freedom of the soldiers proves to us also that when there is a will, peace, as far and difficult as it may seem, can always be possible." He welcomed the former hostages home "on behalf of all Colombians."]

As they were freed Sunday, many of the young soldiers collapsed in tears, clinging to family members who had journeyed over craggy, waterlogged roads to be reunited in this remote pueblo in the country's southern coca-growing region.

Also freed were 10 marines ambushed by the rebels in January. "I am so happy, so happy, to know that the end of this nightmare has become a reality and that I have my son in my arms once again," said Generes Tavares, clutching her son, Angeles Morales Tavares.

At a news conference Sunday, the soldiers said they had been treated humanely. They denied reports from the rebel group, the Revolutionary Armed Forces of Colombia, that some of them had wanted to join the guerrilla movement.

The freed captives were flown to Cartagena de Chaira by helicopter. Representatives of six countries, the International Committee of the Red Cross and the Carter Center in Atlanta were among the international envoys witnessing the handover.

The guerrillas said they were freeing the young men as an act of humanity, and this town was decked out with white bows and streamers. Girls and young women in town dressed in their Sunday best, many wearing white, and slogans of the revolutionary movement were stretched across the streets.

"It's humiliating, it's denigrating," an official from the president's office said, looking over the square, "to have to take orders from these guerrillas."

But townspeople cheered the guerrillas. A city councilman, Martin Avila, called Cartagena de Chaira "the forgotten Colombia." Alfredo Molano, a sociologist familiar with the region, said, "They live permanently on the verge of hunger here."

While the agreement sets a precedent for cooperation between the government and the rebels, neither side expects it to lead to a new era of tranquillity. Instead, people in the area fear reprisals by a military shamed by a presidential order to essentially give up sovereignty over certain Colombian territory.

Leonardo Garcia, a member of the rebels' governing council, said two soldiers freed by rebels in the early 1990s were later killed, presumably because officials believed that they had joined the guerrillas, and that he feared the same could happen to some of those released Sunday.

POLITICAL NOTES

Clinton 'A Spoiled Brat'

WASHINGTON — The Senate majority leader, Trent Lott, has accused President Bill Clinton of acting "like a spoiled brat" in his dealings with Congress and vowed to hang tough in fights with the White House over the details of tax-cutting legislation.

"He acts like a spoiled brat. He thinks he's got to have it his way or no way," the Mississippi Republican said in an interview on ABC.

Mr. Lott's unusually personal and acerbic comments about the president followed the capitulation by congressional Republicans to Mr. Clinton on an $8.6 billion disaster relief bill last week and signaled a Republican attempt to recoup by going on a public relations offensive on taxes.

"We've got to do a better job of making sure he understands, insisting on this Congress being a co-equal branch of government," Mr. Lott said. "We haven't been doing a good job of that."

When asked about Mr. Lott's comments after a holiday brunch with his wife and daughter at a local riverside restaurant, Mr. Clinton said only, "I wish him a happy Father's Day," according to Reuters news service.

Mr. Lott acknowledged that Republicans had been caught short when they had to abandon initiatives dealing with government shutdowns and the census after they lost a test of wills with Mr. Clinton over whether to add the provisions to the disaster relief measure.

He defended the effort but attributed the defeat to Republicans' failure in "getting our message out" and said that mistake would not be repeated on the tax bill.

"Beginning Monday, we're going on the offensive in trying to explain what's in the bill, why it's important to working Americans and what the president is up to," he said. He did not spell out details, but an aide said senators, staff members and outside groups would be "speaking out on what's at stake." *(WP)*

N.Y. Rent Laws Expire

ALBANY, New York — Rent control laws that allow millions of New Yorkers to enjoy below-market rents have expired, but not before a deal was struck to placate anxious tenants and force wealthy renters to pay more.

Lawmakers said they would send the state legislature a bill that extends the rent-regulation system, with modifications, for six more years.

The plan would continue rent protections for all but the wealthiest among the 2.7 million people in 1.1 million rent-regulated apartments, most of them in New York City.

However, the deal allows landlords to increase rents by at least 20 percent when apartments become vacant, with greater increases if those apartments have been held by the same tenant for eight years or more.

An additional $100-a-month rent increase could be added for stabilized apartments that rent for $300 or less a month on top of the other vacancy "bonuses" landlords can collect. *(AP)*

Quote/Unquote

Andy Schneider, an analyst at the Center on Budget and Policy Priorities, arguing that the Republican Party is pushing through complicated changes to Medicare and other social programs with little time for reflection or thoughtful probing: "This is very important stuff, long-term structural change, being passed without hearings and on a totally crazy time frame. Given the scope of these changes, this is extremely unfortunate." *(WP)*

Justices to Rule on Funding

Campaign Spending of Pro-Israel Lobby Is at Stake

Compiled by Our Staff From Dispatches

WASHINGTON — The Supreme Court agreed Monday to decide whether federal regulators misinterpreted the law when they exempted a pro-Israel lobbying group from disclosing its spending in connection with political campaigns.

If the high court rules there was an error, the group, the American Israel Public Affairs Committee, would have to make regular reports about its contributors.

Such a decision also would mean that the pro-Israeli lobbying group would have to limit its campaign contributions to no more than $1,000 per candidate.

A lawsuit challenging the 1992 decision by the Federal Election Commission that exempted the lobbying group was filed by six individuals.

They include James Akins, a former U.S. ambassador to Saudi Arabia, and Paul Findley, a former congressman from Illinois. Mr. Findley has accused the American Israel Public Affairs Committee of helping to prevent his re-election in 1982.

Specifically, the justices will review a federal appeals court ruling that ordered a change in the way the Federal Election Commission decides which groups must disclose money spent to help individual candidates. The election commission is asking the Supreme Court to overturn the appeals court ruling.

The justices' decision, expected sometime in 1998, could provide important new guidelines for spending "dos" and "don'ts" under the complex political campaign-funding system.

In another decision Monday, the Supreme Court refused to give a financial break to people who file for bankruptcy protection and are allowed to keep property over the objections of creditors.

Such people still must pay for property they are allowed to keep, including cars or homes bought on credit.

Ruling 8-1 in the case, the court said that people must pay the amount it would cost to buy a replacement car or house.

A Texas couple wanted to pay a lower amount based on what their truck would have brought if it were foreclosed and sold.

But bankers and groups representing car manufacturers had urged the justices to rule against the Texas couple and make them pay the higher cost. *(Reuters, AP)*

Clinton Selects Lisbon Envoy

Washington Post Service

WASHINGTON — A Washington communications lawyer, Gerald McGowan, will be named U.S. ambassador to Portugal. Mr. McGowan, who graduated with President Bill Clinton from Georgetown University, will replace Elizabeth Bagley Frawley.

A tentative line-up has emerged for ambassadorial posts in the Middle East. It appears that a career foreign service officer, Edward Walker Jr., ambassador to Egypt, will replace Martin Indyk as ambassador to Israel. Mr. Burns was No. 2 to Secretary of State Madeleine Albright when she was at the United Nations.

William Burns, a former deputy in the State Department's policy planning department, may become the U.S. envoy to Jordan.

In Brussels, Alexander Vershbow, senior director for Europe at the National Security Council, could replace Robert Hunter as chief U.S. delegate to NATO.

Away From Politics

• **Three men beat a NASA computer scientist to death** as he took an evening stroll, baffling the police in an affluent community that has few murders. Herbert Kay, 38, was attacked in central Palo Alto, California, near his home. It was the first homicide this year in the city 27 miles (43 kilometers) southeast of San Francisco. *(AP)*

• **A $6 million effort to kill** the Mediterranean fruit fly to protect Florida's citrus industry continues amid criticism that malathion, the chemical spray being used, is unhealthy. Officials say the chemical is safe but urge residents to seek shelter from the spray, cover fish ponds and keep pets indoors. *(AP)*

• **While searching for possible illegal immigrants** in rugged terrain, a Border Patrol agent fell to his death. Stephen Starch, 25, stationed at El Cajon, California, died of head injuries. There was no sign of foul play. *(AP)*

• **A five-year study of the educational progress** of 2,400 children of immigrants in San Diego has found that they quickly embrace English over their parents' native tongues, contrary to the fears of anti-immigration groups. *(LAT)*

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ASIA/PACIFIC

Khmer Rouge Split Ends Cambodian Civil War, for Now

By Seth Mydans
New York Times Service

PHNOM PENH — The violent self-destruction of the Khmer Rouge leadership reported in the last few days appears to mark the end of a civil war that has riven Cambodia in one form or another for 30 years.

But divisions that tore the group apart appear to be connected with a political cold war within Cambodia's government that could erupt into new violence.

And although the "armed struggle" of the radical Maoist movement may be ending, the Khmer Rouge could reemerge as a political force to take advantage of new instability in the years ahead.

Under a patchwork of cease-fire agreements, its regional commanders retain their territory, troops, police forces and their local support, and they are already said to be at work to create a new unified leadership.

For months, mass defections by Khmer Rouge troops have been part of a power struggle between the country's feuding co-prime ministers, First Prime Minister Prince Norodom Ranariddh and Second Prime Minister Hun Sen.

Their separate envoys have sought to win the military and political allegiance of the various Khmer Rouge commands as they enter the Cambodian mainstream.

The remote jungle headquarters of the movement's leader, Pol Pot, about 500 kilometers (about 300 miles) north of here in Anlong Veng, was the

NEWS ANALYSIS

last command to resist the wave of defections.

A number of political analysts now suggest that the rivalry between Prince Ranariddh and Mr. Hun Sen infected the leaders in Anlong Veng and that the split that came to light last week involved differences over whether — and to which side — to defect.

"It seems that some of the leaders in Anlong Veng now believe that the armed struggle is not working and that they should try other means," said Christophe Peschoux, author of a book on the Khmer Rouge.

"If this is true, it means that the chapter of armed struggle is for the time being over," he said.

The reports on the recent split have come from just one side of the divided Cambodian leadership, from Prince Ranariddh and his ally, General Nhiek Bun Chhay, deputy chief of staff of the Cambodian armed forces.

Before dawn last Tuesday, they said, Mr. Pol Pot sent gunmen to kill his longtime comrade, Son Sen, the former Khmer Rouge defense minister, and 10 of Mr. Son Sen's relatives.

They said Mr. Pol Pot then fled into the jungle — weak and ill and carried on a hammock — pursued by 1,000 guerrillas who had turned against him.

They said Mr. Pol Pot, defended by no more than 300 fighters, had taken three other Khmer Rouge leaders with him as hostages.

But much of that account may be self-serving, and it has been viewed with caution.

It appears true that Mr. Son Sen and his family have been killed; photographs of their bloody bodies were displayed in Phnom Penh on Saturday.

But there is no evidence that it was Mr. Pol Pot who ordered their deaths.

Many political analysts also question Prince Ranariddh's assertion that Mr. Pol Pot has held other Khmer Rouge leaders as hostages.

"There may be two stories, one real and one to serve the interests of Ranariddh," said a well-connected Cambodian journalist.

"We don't know," he said. "The seal is tight. Nothing is leaking."

For at least three weeks before the killing, General Nhiek Bun Chhay was engaged in talks with the leaders in Anlong Veng, apparently to work out the terms of a defection.

Some other Khmer Rouge groups have pledged allegiance to Mr. Hun Sen.

General Nhiek Bun Chhay appeared to have been sidelined in the talks in Anlong Veng.

Khmer Rouge leaders there were former allies of Prince Ranariddh from a decade-long war in which they joined forces to battle with the government of Mr. Hun Sen.

Mr. Hun Sen had been installed by the Vietnamese, who invaded Cambodia and drove the Khmer Rouge into the jungle in 1979.

For the previous four years, Mr. Pol Pot ruled Cambodia in a reign of terror that, by many accounts, cost the lives of more than a million people.

That war against Mr. Hun Sen and the Vietnamese ended with a peace accord in 1991.

An election supervised by the United Nations followed, producing the awkward and increasingly antagonistic tandem government headed by Prince Ranariddh and Mr. Hun Sen.

But the Khmer Rouge boycotted the election and continued their jungle insurgency.

Now it appears that even the inner core of the movement — a group that has dedicated itself to revolution since its student days in France in the 1950s — has conceded that armed force has failed.

Their guerrilla war has been essentially defensive.

With most of their arms support gone now, the core philosophy has been reduced to one word, Mr. Peschoux said: Survival.

But while survival means peaceful accommodation for most of the Khmer Rouge, he said, Mr. Pol Pot cannot agree to give up the fight.

"He can't return to the legal fold," Mr. Peschoux said. "He would be killed or put on trial. He must stay in the forest."

Pol Pot Near End, Cambodian Says

New York Times Service

ANG SNOUL, Cambodia — First Prime Minister Norodom Ranariddh said Monday that he expected the fugitive Khmer Rouge leader, Pol Pot, to be killed or captured in the next few days and that he hoped to hand him alive over to an international tribunal.

He said that the Khmer Rouge insurgency had "completely disintegrated" and that most of its leadership had turned against Mr. Pol Pot and would in the next two days declare their allegiance to the central government.

"So now we can really talk about the end of the Khmer Rouge," he said.

"If he is captured," Prince Ranariddh added, "I think there is no other choice than to send him to an international tribunal."

Political analysts here agreed that the Khmer Rouge appeared to have collapsed as an armed movement, but they cautioned that there was no independent confirmation of Prince Ranariddh's description of recent events.

Japan Opens Way to Organ Transplants

Wider Definition of Death to Include Cessation of Brain Functions

Reuters

TOKYO — The Japanese Parliament cleared the way Monday for the country's first organ transplant in 30 years with legislation that broadens the legal definition of death.

The bill, which is expected to pass both houses of Parliament on Tuesday, would allow doctors to remove organs from donors for the first time since 1968, provided the donor gives advance written consent and the family does not object.

Approved by a key committee Monday, the bill recognizes the end of brain functions as legal death, allowing the removal of an organ only when the donor is tested and confirmed to be brain-dead by two or more doctors.

Attempts to alter Japan's traditional view that a cardiac arrest defined death met stiff opposition from religious organizations, conservative politicians and medical malpractice victims' groups.

Proponents have argued that hundreds of heart and liver patients die needlessly each year for lack of access to procedures allowed in every industrialized country outside Japan.

The legislation revises a bill, which cleared the 500-seat lower house of Parliament but then became bogged down in the less powerful upper chamber, that uniformly set brain death as the legal definition of death.

Doctors shied away from performing organ transplants after a 1968 heart transplant at Sapporo Medical College in northern Japan from a brain-dead donor resulted in a 15-month criminal investigation.

Citing lack of evidence, the police never filed charges against the doctor performing the operation or the institution. But the case effectively froze public debate on the issue for nearly three decades, forcing scores of Japanese to seek treatment abroad.

Unable to receive organ donations at home, 33 Japanese have gone abroad to receive heart transplants and 142 have undergone liver transplants overseas, according to the organ recipients group TRIO Japan.

The controversy over the definition of death has made lawmakers loath to handle the issue.

Health experts have said that Japan's next organ transplant is still a long way away, because the country lacks an organized system for registering organ donors and even a culture that permits such donations.

Kidney and liver patients' groups say there are far fewer potential donors than patients on waiting lists for the organs, meaning that overseas operations would continue to be the rule.

On a related issue, Japan moved a hesitant step closer to approving the birth-control pill after a key government committee on public health softened its negative stance toward oral contraceptives.

The committee's conclusion that the pill's approval could help spread AIDS and other sexually transmitted diseases angered many who believe the issues should be kept separate, but there were also sighs of relief that the committee did not oppose the pill outright.

"We have progressed an important step," said a spokesman for a pharmaceutical company who declined to be named. "The committee's report can now be read as saying that it is O.K. to approve the pill."

A Health Ministry official said, "The committee doesn't want to be understood as having given the pill the go-sign, but it was not a negative opinion."

Mally Manil/Agence France-Presse

Gas Field Burns in Bangladesh

A fire raging Monday at a gas field operated by the U.S.-owned Occidental Ltd. in Maulvi-Bazar, northeast Bangladesh. Thousands of people were evacuated; no injuries were reported.

BRIEFLY

Abductors Free 4 in Philippines

MANILA — Four people who were abducted by six armed men at a beach resort in the southern Philippines were rescued Monday by government troops, police officials said.

The chief police inspector, Noel Rosales, said the four were abandoned by their abductors after a brief fight with troops in the town of Glan, in the province of Sarangani.

The police said the four, along with a government engineer, were having a party Sunday at a resort in the village of Taluya when six armed men arrived in a motorboat and tried to rob them. The engineer resisted and was shot and killed by the men, who then abducted his 10-year-old son, a Japanese businessman and two women.

The police said they suspected that the men could be Muslim guerrillas from the Moro Islamic Liberation Front, which controls many areas of Sarangani. *(AP)*

Indonesia Sentences 2 Activists

JAKARTA — Two Indonesian activists from the People's Democratic Party, the last of a group of 14 arrested last year after riots in Jakarta, were convicted Monday of subversion and given prison terms.

In separate trials, a district court sentenced I Gusti Agung Anom Astika to four years in prison and Wilson Bin Nurtias to five years. In April, 12 others were given terms ranging from 18 months to 13 years. *(Reuters)*

Japan Rejects U.S. Horror Film

TOKYO — The Japanese distributors of the American movie "Scream" said Monday that the thriller would not be screened in Japan for the time being because they were worried about how it might affect a public unnerved by the murder and beheading of a child in May.

"Scream," which has exceeded $100 million in box-office profits since it was released in the United States in December, was to have opened across Japan on Saturday. It depicts a series of killings of high school students.

Screening it now would be inappropriate following the murder of an 11-year-old boy whose severed head was found near a junior high school in Kobe on May 27, said an official of Asmik Corp., the distributor. *(AP)*

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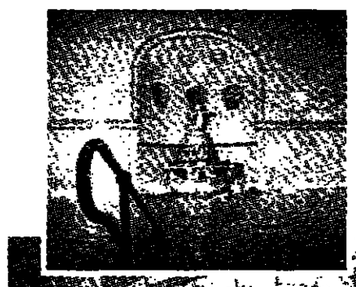

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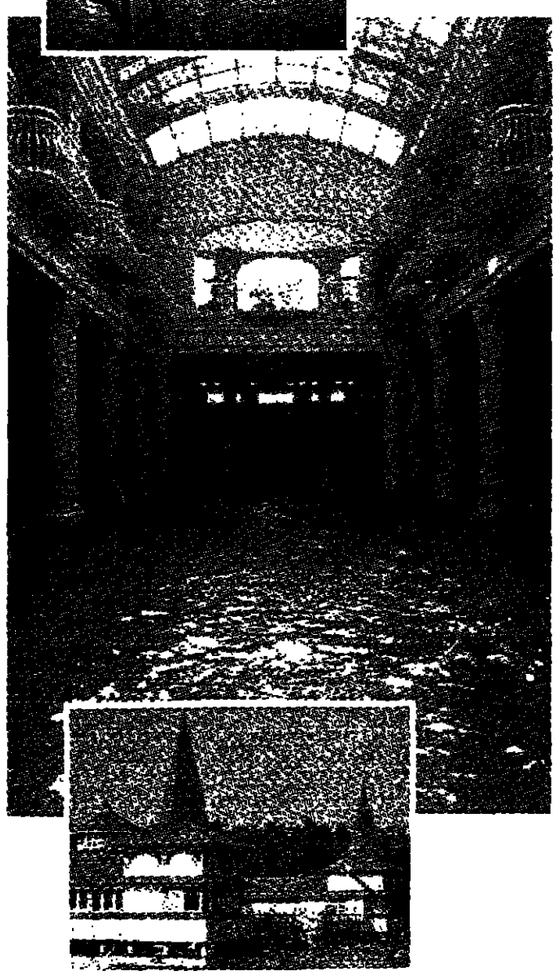

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BRIEFLY

...ductors Free 4 in Philippi...

MANILA — Four people ... abducted ... resort ... southern Philip... were rescued Monday by ... troops, p... officials said.

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The police said the ... with a gover... group of Tabya which ... arrived in a ... ambushed and tried to rob them. T... fought back and killed by the men, who ... abducted its le... son, a Japanese ... settlement ... women.

The police said they ... the men were ... Muslim guerrillas from the M... Islamic Libe... Front, which controls many ... Mindanao.

Indonesia Sentences 2 Activi...

JAKARTA — Two ... activists from ... People's Democratic Party ... a group ... arrested last year after ... the party ... Monday of subversion and ... crimes.

In separate trials, a ... Agung Iesmi Astuti ... Budi Hermin to five years ... terms ranging from 18 ... years.

Japan Rejects U.S. Horror ...

TOKYO — The Japanese ... "Pokemon" and ... not released in Japan for ... parental qualms have it ... the gender and beheading ... Manga," which ... other media since it was ... December, was to have ... a series of killings ... becoming a new ... murder of an 11-year ... found near a school ... suspected of Aum's Cult ...

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Tudjman Easily Wins Violent Croatian Vote

Election Is Seen as Free, but Not Fair

By Chris Hedges
New York Times Service

MOSTAR, Bosnia-Herzegovina — The red and white flags hanging along the tree-lined streets were Croatian. The posters of President Franjo Tudjman were the same as those on billboards in Zagreb, the Croatian capital. Throngs of voters filed through the gate of the Mostar polling station by showing their blue Croatian passports to the police.

In theory this region is part of the American-brokered federation of Bosnia-Herzegovina. In fact, it has been annexed by Croatia, in one of the most flagrant violations of the Dayton peace agreement. The Bosnian Croats vote in Croatian elections and their local leadership as well as their military are financed and directed by Zagreb.

In the voting for president Sunday, Mr. Tudjman, 75 and seriously ill with cancer, won a second five-year term with 61 percent of the vote. Zdravko Tomac, 60, of the Social Democratic Party, the former Communists, got 21 percent, and Vlado Gotovac, 66, who heads the Croatian Social Liberal Party, had 18 percent.

Mr. Tudjman has been increasingly criticized by Washington, and it was in this city that the raw intolerance of his hard-line nationalism and the duplicity of his dealings with the outside world were most visible.

"You have Bosnian Croats in the diaspora, who have never lived in Croatia, voting in this election," a Western diplomat said of the some 400,000 voters who live here and in other countries, "while hundreds of thousands of Serb citizens from Croatia, who spent their whole lives here, are denied the right to vote."

Croatia's economy, burdened by outdated industry and mismanagement, is limping along at 55 percent of its capacity before the Bosnian war. The currency is overvalued, the foreign trade deficit is widening and unemployment is at least 20 percent.

Mr. Tudjman is, nevertheless, lionized as the man who in 1991 led Croatia's independence from the old Yugoslavia and created the modern Croatian state.

"He is the father of our country," said Drago Pezic, 76, a former platoon leader during the fascist Ustashe regime that ruled Croatia in World War II. "He gave us our state after 900 years of being ruled by others. He brought all Croats under one roof. He got rid of the Serbs. He finally won the war we started in 1941 and lost to the Communists."

In the process, Mr. Tudjman purged 500,000 of 600,000 ethnic Serbs from the country and carried out the de facto annexation of the largely Catholic region of Herzegovina. In short, he gave Croats an "ethnically pure" state.

"What have I promised that I have not fulfilled?" the president asked a cheering crowd in his last campaign rally on Thursday in Zagreb.

Secretary of State Madeleine Albright, during a visit to Croatia this month, strongly condemned recent violent attacks on remaining minority Serbs, most of them elderly, who were driven from their homes. She also expressed her displeasure with Mr. Tudjman's refusal to hand over persons indicted as war criminals, many of whom have taken refuge in Mostar, to the international war crimes tribunal in The Hague.

Washington, which considered Zagreb an ally during the war in Bosnia, in large part because of its willingness to permit clandestine shipments of Iranian arms to the Bosnian Muslims, appears to have lost patience.

Senior U.S. officials say they intend to begin blocking development loans, applications into Western trade bodies and military alliances. A $13 million loan granted to Croatia a few days ago was approved several weeks ago and was not large enough to reconvene lender organizations to block, they said.

The election campaign was as been as bombastic and stilted as those once waged by the Communists. The state-run media, including all nationwide radio and television stations, have slavishly exalted Mr. Tudjman and his governing Croatian Democratic Union. While Mr. Tudjman was deified, his two opponents, who rarely appeared in the state-run media, were darkly described as "enemies of the state."

The opposition candidates, Mr. Gotovac and Mr. Tomac were even assaulted by enraged Croats during the campaign.

Mr. Gotovac, a poet who called for the return of ethnic Serbs, was knocked unconscious and hospitalized by a captain of the presidential guard in the city of Pula. During the assault the officer shouted, "Long live Ante Pavelic!"

Mr. Pavelic was the fascist dictator who ruled Croatia in World War II and oversaw the slaughter of hundreds of thousands of Serbs, Gypsies, Jews and Croatian opposition leaders.

The campaign vehicle of Mr. Tomac, the head of the reconstituted Communist Party, was twice stoned by angry mobs. He was denied a permit to hold a campaign rally in Zagreb last Friday.

■ Vote Called Free, but Not Fair

International election observers said Monday that Croatia's presidential election was "free but not fair" and did not meet democratic standards. Reuters reported from Zagreb

A report compiled by observers from the Organization for Security and Cooperation in Europe said that "the election process afforded enormous advantages to the ruling party candidate and limited the ability of the opposition candidates to campaign equally."

A U.S. senator, Paul Simon, coordinating the mission, said: "Croatia has experienced a free but not fair election. While candidates were able to speak freely, the process leading up to the election was fundamentally flawed."

Associated Press/Agence France-Presse

Franjo Tudjman, newly re-elected as president of Croatia, welcoming Carl Bildt of Sweden, the United Nations representative for Bosnia-Herzegovina, into his office in Zagreb on Monday for a farewell visit.

BRIEFLY

Labour Tweaks British Tories

LONDON — The Labour government added its two pence to the bitter battle to lead Britain's shattered Conservative Party by claiming Monday that it was in contact with several Conservative members of Parliament dismayed by their party's anti-European drift.

A senior government official said unease in the ranks of Conservative pro-Europeans had grown since William Hague, the favorite in the three-man leadership race, hardened his stance against the European Union's planned single currency. "It is true to say we have a number of informal links with Conservative MPs and we intend to maintain those links," the official said. Conservative MPs were to hold the second round of their leadership ballot Tuesday. *(Reuters)*

Holbrooke Urges Holocaust Payouts

ZURICH — The former American diplomat Richard Holbrooke urged Switzerland on Monday to start paying funds to Holocaust survivors at once to help resolve the "crisis" in U.S.-Swiss relations.

Defending a U.S. government report that criticized Swiss gold purchases from Nazi Germany during World War II, Mr. Holbrooke urged Swiss officials not to get bogged down in a debate over historical details and instead to get money flowing to victims.

"It is vitally important to get the humanitarian fund that was initiated by the three big Swiss banks going right away," said Mr. Holbrooke, a former U.S. assistant secretary of state who is now vice chairman of Credit Suisse First Boston. Addressing the Swiss-American Chamber of Commerce, he noted that the average age of the 400,000 Holocaust survivors was now 79.

The 265 million Swiss franc ($183.2 million) memorial fund was set up amid boycott threats from Jewish groups who have accused the banks of hoarding the dormant wealth that Jews murdered by the Nazis stashed in Switzerland during the war for safekeeping. The cabinet backed a proposal from Parliament to protect any bank workers who came forward to testify about their employers. *(Reuters)*

Battle Lines Form Over 'Tally Ho!'

LONDON — A Labour member of Parliament set the stage on Monday for a bitter clash between the House of Commons and the House of Lords, the unelected upper chamber of Parliament, by unveiling a bill to ban fox-hunting.

The new Labour government promised in its election manifest to allow members of Parliament to follow their consciences instead of a party line on whether hunting with hounds should be banned.

But Prime Minister Tony Blair had hoped to delay any vote, fearing that stubborn resistance from pro-hunting aristocrats in the House of Lords would impede more important legislation.

A Labour member, Mike Foster, said Monday that his bill would aim to outlaw the hunting with hounds of foxes, hares, stags and minks.

"It's a cruel and barbaric practice that should have ended centuries ago," he said. *(Reuters)*

Graveyard Census

Italy Halts Its Disability Pensions To 1,000 Cured and 30,000 Dead

Compiled by Our Staff From Dispatches

ROME — The Italian government has been paying disability pensions to 30,000 dead people, some of whom passed away years ago, according to newspaper reports

They said the payments, which in some cases had probably been cashed by relatives, had been stopped after a treasury census of 1.4 million Italians who have been drawing state disability pensions.

In addition to the 30,000 deceased, 140,000 of the pensioners failed to return their census forms. Their payments would be suspended in November and they would then have three months to complete the forms or have the pensions stopped for good, a senior treasury official, Michelangelo Bergamini, told the Corriere della Sera newspaper.

He estimated that when the review was completed, 70,000 to 80,000 pensions would be stopped, including those paid to the 30,000 dead and 1,000 others to people who report that they had been cured. The newspaper estimated that annual savings would range from 280 billion lire to 700 billion lire ($164 million to $410 million).

Disability pensions are paid to a further 4.7 million Italians by the state insurance fund and the welfare fund.

Stories abound of able-bodied Italians who worked but received disability payments at the same time with the help of bogus medical certificates or favors from corrupt politicians. The system was rife for abuse because disabled Italians get not only payments but also access to jobs through a quota system that requires public sector employers to hire a certain number of disabled.

Three years ago, spot checks of 15,000 recipients of disability pensions found that 5,000 of them had faked their handicaps. They included a young man who was collecting a pension for blindness while working as a chauffeur.

Corriere della Sera said that about 131,000 Italians drawing disability pensions had been required to undergo medical examinations to determine the validity of their payments.

Of those 30,000, or more than one in five, had had payments stopped or had been advised they would cease, it added. *(Reuters, AP)*

Low Turnout Invalidates Italy Vote

Pressure Mounts for Tighter Rules on Holding Referendums

Reuters

ROME — Pressure built in Italy on Monday for stricter rules on holding national referendums after an attempt to bring change through direct democracy proved to be a multimillion-dollar flop.

Only 30 percent of Italy's 49 million voters took part Sunday in seven referendums. This fell far short of the 50 percent of the electorate required for such tests to be valid and was the lowest turnout in any national ballot since 1945.

Mainstream politicians blamed the fiasco on the leader of the referendum movement, Marco Pannella, accusing him of wasting the public's time and devaluing the balloting process for self-publicity.

Some even cautioned that the flop would further dent public faith in politics, which has been battered by the corruption scandals of the early 1990s and the subsequent slow pace of change.

Mr. Pannella and his supporters had championed six of the seven issues put before voters, covering topics as diverse as hunting, privatization, journalism and the careers of magistrates.

The referendums, invalidated by the low turnout, cost Italy 840 billion lire ($495 million) to stage.

Referendums have been a valuable tool in Italian democracy, allowing voters to express views on fundamental issues that the unwieldy Parliament has been unwilling or unable to tackle.

Italy's monarchy was abolished by referendum in 1946 and substantive policy on divorce, abortion, use of nuclear power and, to a certain degree, the electoral system has been formulated following plebiscites.

Recent years, however, have seen a flurry of referendums on highly technical issues, many of them promoted by Mr. Pannella and his Radical Party.

Campaigners must obtain the signatures of 500,000 voters to put a petition to the Constitutional Court, which rules whether the issue should go to a referendum. After Sunday's debacle, many politicians called for the threshold to be raised to 800,000 or 1 million signatures.

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By Robert M

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Another Casualty In Congo: Pygmies

They're Threatened by Hostile Bantu

By Nicholas D. Kristof
New York Times Service

BENGASORI BAMAMBO, Congo — It was just a short arrow, whittled from a stick and sharpened to a point at one end, but Matope Alondo held it very respectfully.

"We make a poison from trees and leaves and put it on the tip of the arrow," he said. "If you cut yourself with this arrow, you die in less than an hour."

But these days, possession of the deadliest poison is often not enough to thrive in a little village like this one in the jungle of northeastern Congo, the former Zaire. Mr. Alondo and the other pygmies here are finding that antelope, monkeys and other game are disappearing — and the pygmies wonder if they and their culture may face the same fate because of the pressures of encroaching tribes.

For all of the mystery and magic that the word pygmy conjures in the West, life for many here in the rain forest is today a humiliating retreat from traditional ways and an almost daily battle against the contempt of nearby Bantu peoples.

"Some school principals will insult us and say that pygmies should not attend school," Mr. Alondo said. "They say that they do not want us in school because pygmies move around in the bush. But how can they say that we move around? We have always been here. They are the ones who have moved into our area."

The pygmies are scattered across central Africa, but those in Congo have been among the most successful in preserving their identity, partly because they were protected by the lack of development and the diastrous state of the roads. The roads are such an obstacle to movement that they have kept at bay the loggers who would destroy the forests that are the pygmies' habitat.

But even here, in the remote northeast, there are tensions between the pygmies and the surrounding Bantu, a reflection of the age-old clash between farmers and hunter-gatherers. To many Congolese, the pygmies are simpletons who inexplicably eschew a life of farming to run about in the woods trying to spear animals.

"They're very simple-minded," Foste Lonu, a 24-year-old farmer, said as he stood outside his home on the road nearby. "The pygmies don't have the way of thinking of human beings. They're always backward, and they don't want to farm."

Villagers often hire pygmy servants to work on the farms and do household chores. But the pygmies complain that they are abused and treated as virtual slaves while the farmers complain that the pygmies are lazy and unreliable.

One element of the contempt may be that the pygmies are so short, mostly less than 5 feet tall. But the main reason seems to be that the pygmies, particularly in this part of the country, live about as traditional a life as anyone in Africa.

They are hunter-gatherers who live deep in the jungle, moving from place to place instead of settling in villages along the roads like most other Africans. They hunt with spears and bows and arrows, as well as with nets made of vines that are laid across jungle paths to catch antelope.

Unlike the poachers who are responsible for the depleted game, the pygmies show no interest in guns.

Their homes are made of sticks and leaves, sometimes with mud as plaster, and when going off on hunts the pygmies wear only traditional loincloths made of leaves. Children are much less likely to go to school than other people in the area, and few pygmies are literate or know how old they are.

Still, life is changing in the pygmy villages, and a growing number are planting little vegetable gardens of cassava, sweet potatoes and other crops to supplement their diets.

"I started planting three years ago," said Asokao, a village chief. "Hunting was our tradition, but it was not enough."

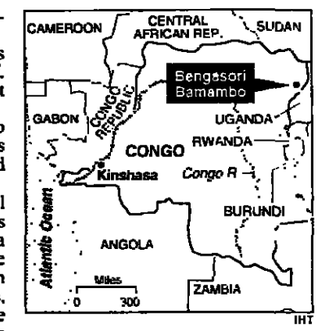
Some of the pygmies are also making arrowheads and spearheads out of metal taken from abandoned cars.

Pygmies are also joining local churches, and a young man in this area even celebrated a wedding in a Catholic church here recently. The wedding was almost called off when the bride ran off at the last minute, but then she reappeared and the priest hurriedly declared them man and wife.

Education is a special problem, partly because the schools in Congo charge fees that most pygmies cannot pay since they rarely have money. In addition, the pygmy students complain that they are humiliated by other students.

Stephen Crowley/The New York Times

Pygmy women and children gathering near a hut in northeast Congo. Their lifestyle is under threat.



U.S. Formulating New Nigeria Policy

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Recognizing that three years of diplomatic pressure and modest sanctions have failed to move the military government of Nigeria toward democracy and social reform, the Clinton administration will soon undertake a wide-ranging review of its policy toward Africa's most populous country, according to senior officials.

Some officials said the outcome was likely to be an effort to engage Nigeria and improve cooperation, rather than an increase in pressure marked by further sanctions and new attempts to isolate the regime. But either outcome — closer ties or increased pressure — is likely to be controversial, because the Nigerian government's friends and foes here are well-financed and well-connected, and the Nigeria issue has prompted a sometimes emotional split within the Congressional Black Caucus.

As a major oil producer with a population of more than 100 million and an army active in several countries, Nigeria is a regional powerhouse essential to any international effort to stabilize sub-Saharan Africa, Nigerian troops helped halt the civil war in Liberia and are trying to restore the democratically elected government in Sierra Leone.

But Washington has worse relations with Nigeria than with any other regional power except Iran. The Clinton administration has a long list of grievances with the government of General Sani Abacha, grievances that have defied sanctions, secret diplomacy, public scolding and threats by President Bill Clinton, and outrage in Congress.

General Abacha has repeatedly promised a transition to democracy, then backed off. Opposition leaders are in prison. The State Department has accused his government of extensive civil rights violations. And the State Department put Nigeria on its list of countries that have failed to cooperate with the U.S. anti-narcotics effort.

At the start of Mr. Clinton's second term senior advisers decided to review all aspects of U.S. policy toward Africa, administration officials said. They had to deal first with the civil war in Zaire, now called Congo, and smaller crises such as the coup in Sierra Leone, but Nigeria is next on the agenda, officials said.

"This has been in the works for a long time," an official said. "You look at all the areas where this administration is actively engaged in Africa: Congo, South Africa, Angola, Sudan; the president is about to announce a big U.S. trade initiative in Africa. With all that, it was acknowledged we had to do something about Nigeria."

U.S. Reaffirms Support for Kuwait

Cohen, on Gulf Tour, Asserts Iraq and Iran Are Still Threats

Compiled by Our Staff From Dispatches

KUWAIT — The United States assured Kuwait on Monday of Washington's firm commitment to its security and to containing the former occupier, Iraq, and neighboring Iran.

Defense Secretary William Cohen said at a news conference, "I can summarize the United States policy toward Kuwait in three words: commitment, cooperation and containment."

His Kuwaiti counterpart, Sheikh Salim Sabah as Salim as Sabah, said he had expressed to Mr. Cohen "how satisfied we are with the existing relationship, training and cooperation."

Mr. Cohen, who arrived in Kuwait on Sunday as part of a five-nation Gulf Arab familiarization tour, held "very fruitful and interesting" talks with the emir, Sheikh Jaber al Ahmad as Sabah, earlier on Monday.

Mr. Cohen said he had discussed Kuwait's plans to buy new artillery and urged the Gulf state to give preference to weapons that can operate alongside those of U.S. forces. The United States, Britain, South Africa and China are competing for the contract.

"We discussed how it is important to build a seamless military operation," Mr. Cohen said when he was asked if he had raised the deal with the Kuwaitis.

"We discussed the need for interoperability, and we place a key premium on interoperability of our systems so that we can present the maximum efficiency and capability for our forces," he said.

But Mr. Cohen said it was up to the Kuwaiti military and government to decide on what best suited its military requirements.

Mr. Cohen said the United States would continue to maintain a strong military presence in the region to deter threats from Iraq and Iran, the Gulf's two main military powers.

He said that despite recent calls by some states to ease United Nations sanctions against Iraq, the United States favored maintaining them until Baghdad complied with all UN resolutions.

"Some countries feel we should relax the sanctions," Mr. Cohen said. "I don't believe we should relax the sanctions until we have full compliance on the part of the Iraqi government."

Mr. Cohen also ventured into the Kuwaiti desert to check on security arrangements and give American soldiers a pep talk.

"It's a high-threat area," Mr. Cohen told about 300 troops assembled in an open-air shelter at Camp Doha, a base about 55 kilometers (35 miles) from the Iraqi border.

"You've got to stay on alert at all times," he added. "Force protection is just as important as power projection."

Later, he flew to Bahrain to visit U.S. naval forces. *(Reuters, AFP, AP)*

BRIEFLY

Freetown Agrees To Peacekeepers

FREETOWN, Sierra Leone — Sierra Leone's coup leaders will accept deployment of United Nations and ECOMOG West African peacekeepers as part of a settlement of the crisis in the country, a senior military source said Monday.

The source, a member of the Armed Forces Ruling Council, which has run the nation since the May 25 coup, said that the council had had regular meetings with legislators, who put forward a 10-point plan, and that the two sides were close to an agreement.

"We are willing to allow the stationing of UN and ECOMOG peace forces in Sierra Leone to monitor the peace accord and to disarm combatants and ensure stability," he said.

He added that a discussion was under way with legislators about revoking a decree issued by the council that banned the constitution, hinting at a deal on restoration of political activity. *(Reuters)*

Zimbabwe Defiant Over Ivory Trade

HARARE, Zimbabwe — Zimbabwe served notice Monday that it would defy a world ban on the ivory trade if it failed to win an exemption at a forum here on endangered species.

Environment Minister Chen Chimutengwende said Zimbabwe would not accept a compromise at the Convention on International Trade in Endangered Species.

Environmental groups campaigning against reopening the ivory trade said Zimbabwe's threat would not influence their position.

Zimbabwe, Botswana and Namibia have asked for an exemption from the 1989 ban on grounds that their combined 150,000-elephant herd is not endangered. *(Reuters)*

Tristram Coffin, Journalist, Dies

By Robert McG. Thomas Jr.
New York Times Service

Tristram Coffin, an independent Indiana-bred journalist who cast a critical eye on official Washington and the military during almost half a century as a reporter, columnist, author and pundit, died May 28 of respiratory collapse at a hospital in El Cajon, California. He was 84 and had turned out The Washington Spectator newsletter until 1993.

Mr. Coffin gently skewered President Harry Truman — and half the Senate — in his 1947 book "Missouri Compromise." A New Deal Democrat, Mr. Coffin's chief complaint seemed to be that Mr. Truman was not Franklin Roosevelt.

The success of the book came as something of a surprise because Mr. Coffin was a comparative newcomer to the Washington press corps.

After graduating from Depauw University, he worked for The Indianapolis Times. After a short-lived statehouse assignment he became press secretary to Governor Clifford Townsend, then followed him to Washington when Mr. Townsend became an assistant secretary of agriculture.

Mr. Coffin re-entered journalism as a radio reporter, and when "Missouri Compromise" came out, he used the book's success to establish his own syndicated column, Tris Coffin's Daybook.

Mr. Coffin wrote half a dozen other books, but none were as successful. In 1968, a group of businessmen backed him in starting a newsletter, Washington Watch, which evolved into The Washington Spectator in 1975.

Joe Ben Wheat, 81, Archaeologist

New York Times Service

Joe Ben Wheat, 81, an archaeologist and authority on weavings of the Navajo and other Indians of the American Southwest, died Thursday in Denver after a short illness.

Mr. Wheat was president of the Society for American Archaeology in 1966-67. He retired in 1987 after 34 years with the University of Colorado, where he was a professor of natural history and curator of anthropology at the university museum.

In the 1970s, he analyzed the materials, dyes and structure used by the Navajo and Pueblo Indians in making blankets in the 19th century. That information helped him determine about when the blankets had been woven.

Earlier he directed archaeological excavations at sites inhabited by Indians in the Southwest.

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Initiative for Africa

The Clinton administration, with members of Congress from both parties, has put forward an initiative to help the poor countries of sub-Saharan Africa. Bill Clinton will take the proposal to other wealthy nations when he meets their leaders in Denver this week.

The first positive thing to say about this proposal is that it exists. For U.S. policymakers, Africa was for many years mainly an object of Cold War competition, and later it virtually ceased to matter. But with its more than 600 million people Africa does matter — morally, strategically and as a potential market as well.

The initiative seeks to break the stereotypical view of sub-Saharan Africa as a basket case. Certainly the region has lagged behind much of Asia and parts of Latin America, and its famines, civil wars and military uprisings are real. But last year the region's economies grew at a rate of 4.4 percent, with several doing considerably better. Some 25 African nations have held free and fair elections since 1990.

The U.S. initiative offers assistance to those countries doing the most to help themselves.

As originally proposed by Democratic Representatives Jim McDermott and Charles Rangel and Republican Philip Crane, the initiative emphasizes trade and investment over traditional foreign aid. Countries that reduce their own trade barriers and take positive steps, such as investing in education, would qualify for gradually expanding trade privileges, investment guarantees and debt forgiveness.

All this is to be cheered, but it is not churlish to recall that the Clinton administration has been here before. Anthony Lake, Mr. Clinton's first national security adviser, fixed on Africa in his first major speech in 1993.

Some administrations had "taken years to figure out where Africa is on the map," he said then, but the Clinton team not only knew where Africa was but also "where we all hope it is going in the future."

At a White House conference in 1994, President Clinton himself promised that his administration would do "much more than has been done in the past." American policy since has not fulfilled the grand pledges.

Nor is it clear that this initiative can fulfill its goals. Many African countries don't have much to export, and the Clinton administration faces domestic hurdles to admitting products that they could make, such as textiles and shoes.

Even free market champions must recognize that African nations will still need transitional aid for basic human needs such as primary schools and health care. Yet U.S. aid levels have been declining as a share of GNP, and this initiative does nothing to reverse that. It is a promise that needs to be fleshed out.

— THE WASHINGTON POST.

A Loner's UN Deal

Given Jesse Helms's long-standing antipathy toward the United Nations, the budgetary deal he has struck with Senate Democrats and the Clinton administration constitutes progress. Senator Helms would authorize payment of $819 million over three years to the world organization — less than the $1.3 billion the United Nations says the United States owes. This at least acknowledges that back dues are owed.

But the catch is that this reduced payment comes with a variety of conditions, including a congressional intention to shave the American contribution to UN operations from 25 to 20 percent, whether or not other UN members agree.

This high-handed plan may satisfy a craving to sock the United Nations at a time when its popularity among Americans is low, but Washington cannot so easily modify treaty obligations that tie it to the international organization. America's deadbeat status has been a chronic source of embarrassment, and has brought a useful organization close to bankruptcy. Presidents from Harry Truman onward have said that the UN assessments are a contractual responsibility and that their level is set by consensual agreement with other member states. Senator Richard Lugar of Indiana has introduced an amendment that would authorize payment of the total amount owed over two years, without conditions.

One does not have to endorse the United Nations and all its works to wonder if it is necessary to surrender to Mr. Helms, the Foreign Relations Committee chairman, before even a vote has been taken. The endorsement of his Democratic colleague Senator Joseph Biden of Delaware does not inoculate the committee plan from criticism.

Of course the world organization could do more to streamline its operations and eliminate bureaucratic lard. But under American pressure it has already substantially improved budgetary procedures and pared its payroll under Secretary-General Kofi Annan, elected last year with Washington's ardent support. In July Mr. Annan is due to announce further reforms.

With the end of the Cold War and after years of attacks on the United Nations, the votes may be lacking to adopt the Lugar amendment. Nor is there great harm in all the conditions, called "benchmarks," in the Helms measure. If the senator wants the president to certify that the United Nations will not tax Americans and form its own army, as alleged in paranoid militia propaganda, then so be it. Moreover, it makes sense to reduce the U.S. share of UN assessments. What does not make sense is to ordain that unilaterally, showing contempt for all other member states and setting a deplorable precedent. Instead of settling for the Helms deal, Senate Democrats and the White House should improve it.

— THE NEW YORK TIMES.

Swiss of Two Minds

Switzerland, accused of getting rich and prolonging the war by trading with Nazi Germany, is caught between atonement for its World War II offenses and resentment at being singled out for blame. On the official level the tone has turned prickly, and on the popular level some responses border on the anti-Semitic. The effect is to cast doubt not only on Switzerland's capacity for honest review of its wartime neutrality but also on the electorate's readiness to approve compensation for Holocaust survivors and heirs.

Disclosure earlier this year of dealing in looted Nazi gold, banking for and selling arms to the Germans and turning away Jews at the border prompted substantial Swiss contrition in word and deed. But publication a month ago of a massive research study by the U.S. government altered the political chemistry. Increasingly, it seems, the official nature and the severity of the report have turned many Swiss away from a focus on the moral compromises condoned in the name of wartime neutrality. Instead the evident disposition is to challenge those who have called for an accounting. The Swiss government's own spokesman on the Nazi gold issue dismisses some part of the international criticism as "Swiss-bashing."

It counts, however, that the Swiss authorities are still on track in the crucial matter of fact-finding. Stuart Eizenstat, who as undersecretary of commerce coordinated American government policy on these issues, noted recently that Switzerland set up one commission (chaired by Paul Volcker) to search the banks for Jewish assets and another commission to probe broad Swiss policy in the war. It can scarcely be doubted that some further painful findings are coming. Recently a new and shaming list of arms-industry profiteers came to light. The Swiss need to be encouraged to let these inquiries take them where the facts may.

The reaction against further foreign entry into what some Swiss believe should stay a Swiss discussion has its own political implications. There may yet be a national referendum to approve a Swiss National Bank pledge of $70 million to a private restitution fund for Holocaust survivors. There definitely will be a referendum to approve establishment of a $4.7 billion endowment that would spin off some $200 million annually, presumably to needy victims. It should help the Swiss people to do the difficult but right thing if they know that they and their country will be respected for it.

— THE WASHINGTON POST.

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If China and America Learn to Work Together

By Zbigniew Brzezinski and Michel Oksenberg

WASHINGTON — Our recent conversations in Beijing with President Jiang Zemin, Foreign Minister Qian Qichen, Beijing's equivalent of the national security adviser, Liu Huaqiu, and others convince us that Chinese-U.S. relations could be a, perhaps the, major bulwark for global and regional stability in the 21st century.

China, in statements issued jointly with third countries, has begun to employ the pejorative "hegemon" to describe the United States. Such rhetoric, which draws on earlier Chinese condemnations of the Soviet Union, can provide the ideological underpinning for an antagonistic relationship. We stressed that point to the Chinese leaders.

There are no fundamental conflicts of interest, such as existed between the United States and the Soviet Union. Rather, the two sides have failed to develop a strategic framework to deepen areas of common interest and to manage disagreements. That was easier in the 1970s and '80s, when China and the United States confronted the shared danger of Soviet expansionism.

The current debate over trading status and the near paralysis over the alleged funding scandal are symptoms of a deeper malady: the absence of a shared conceptual framework for the relationship. Without a compelling common vision, the leaders on both sides lack the political will to make progress on vexing issues mired in their bureaucracies — human rights, Chinese entry into the World Trade Organization, Chinese arms sales and the mounting U.S. trade deficit with China.

The increased U.S. emphasis on military collaboration with Japan, and the lack of U.S. clarity regarding the ambiguous aspirations of the leaders of Taiwan, complicate the relationship.

To some extent, the Chinese have attempted to provide a conceptual framework. "The United States is the world's largest developed nation and China is the world's largest developing nation. The two nations share a responsibility to ensure that the world is peaceful, stable, and prosperous." That is a beginning, but it is far from sufficient. The state visit of President Jiang in late October offers the opportunity to broaden this formula.

On the ideological and human rights front, two themes in our conversations seemed to hold some promise.

First, the Chinese leaders appear poised to undertake additional, major reforms of state-owned enterprises to justify altered forms of ownership. A top leader emphasized to us that neither Marx nor Engels could anticipate the consequences of new developments in science and technology and especially of their implications for ownership.

Looking to the long term, the leaders stressed that it is unreasonable for a powerful nation to demand that all others emulate its path. But they believe that the different development paths will lead ultimately to a somewhat common end, including democracy. They refer to selection of village leaders through elections and the expanding role of the national and local parliaments.

In the national security area, our conversations suggest that the opportunity for dialogue is even greater:

To create a geopolitical setting helping Russia to emerge as a postimperial and responsible member of the international community.

To prepare for emergence of a unified and unthreatening Korea.

To facilitate reconciliation between Beijing and the leaders of Taiwan.

To promote the Central Asian republics as independent states with links to the outside world.

We stressed that America's bilateral security treaties with Japan and South Korea provide stability for the entire Asia-Pacific region, as has the robust presence and forward deployment of U.S. armed forces.

However, many Chinese are beginning to view with alarm what they believe to be a U.S. effort to extend Japan's military role in the region. That is reason to include China in post-Cold War security arrangements in Northeast Asia. Excluding the Chinese can only make them think that these arrangements are directed against them.

Chinese-Japanese-American discussions should be held, military-to-military contacts should increase and extensive discussions should be discreetly held among Washington, Seoul and Beijing on Korea's post-reunification security arrangements.

President Jiang's October trip to Washington, if it is well planned, might not only reverse a dangerous drift but stimulate a realistic and long-term Chinese-American collaboration.

Mr. Brzezinski was national security adviser to President Jimmy Carter. Mr. Oksenberg was in charge of China on the National Security Council in the Carter administration. They contributed this comment to The Washington Post.

Netanyahu's Map Is Just a Bunch of Lines on Vivid Embers

By Thomas L. Friedman

WASHINGTON — Benjamin Netanyahu has presented to his cabinet the rough map of what he would offer the Palestinians in final-status talks, if they ever happen. His map calls for Israel to retain control of Greater Jerusalem, the Jordan Valley and a wide security belt of territory along the 1967 Green Line, which encompasses Jewish settlements, all main highways and all sources of water. The map would assign the rest, a patchwork of roughly 40 percent of the West Bank, to the Palestinians.

The muted reaction in Israel to Mr. Netanyahu's map tells you all you need to know about the peace process today.

To begin with, it got so little attention because it was meant for local consumption. What motivated him to come out with it now, when there is no prospect of final-status talks, was not to lure Yasser Arafat to the table. If that were his motivation, he would have shown it to Mr. Arafat, which he didn't.

What prompted the map now was Mr. Netanyahu's desire to steal the thunder of the newly elected Labor leader, former army chief Ehud Barak. Indeed, Mr. Netanyahu timed the release of his map for the day Mr. Barak was elected.

Mr. Barak also advocates a tough territorial compromise offer to the Palestinians. By putting out a map similar to Mr. Barak's, Mr. Netanyahu was appealing to the Israeli center, which long ago came to accept such a compromise.

"What you have to understand is that Barak is another Bibi, he wants the office just as much as Bibi does, and he appeals to the Israeli center," remarked one diplomat in Israel.

"Bibi needed to come up with a counterappeal to the center that his own Likud tribe could also accept. This is it. Bibi's map keeps virtually all the settlements, all security and water, all of Jerusalem, and chops up the Palestinian state into unconnected blocks, cut off from both Gaza and Jordan. That's a territorial compromise the Likud can accept."

Even if this map were motivated by purely cynical local politics, why did the Arabs dismiss it out of hand? The truth is that some Arab leaders would prefer Mr. Netanyahu to be demanding 100 percent, because if he demands only 60 percent, it means that the Arabs have to demand something less than 100 percent themselves, and they have done nothing to prepare their people for getting back anything less than 100 percent of the West Bank.

But even that could be surmountable in negotiations. The main reason Mr. Netanyahu's map was spurned by the Arabs was that it was totally unconnected to what he is doing on the ground — where negotiations have halted, where Israel is squeezing Palestinians out of Jerusalem and engaging in in-your-face settlement building and other machinations; and where Mr. Netanyahu is mounting a campaign in America to delegitimize Mr. Arafat, who is the only Palestinian leader who can sign for less than 100 percent of the West Bank and make it stick with his people.

Peace is not just about maps. It is about relationships — mutual trust and mutual understanding of the other side's political constraints. Yitzhak Rabin had a vision of peace, both its necessity and what it could bring, and then he worked out the map and the relationships with his Arab partners required to achieve it.

Mr. Netanyahu has a new map, but it just hangs there, unconnected to any realistic strategy for building peace. It is just a bunch of lines.

The same is true for the Arabs. All they offer Israelis is a different bunch of lines, but with no vision that suggests they are really ready to normalize with the Jewish state.

You can have peace based on a bunch of lines between Egypt and Israel, two big states divided by a desert, but you can't have it between two peoples who share the same sidewalks. When you offer them a map without nurturing any new relationship between them, all you are doing is drawing the lines of where their conflict will move next.

Mr. Netanyahu's map was not heard because it is a falling tree in a burning forest — a forest where he lit the match and Mr. Arafat stokes the flames. If nothing is done soon to contain this blaze, there is going to be a big, big fire.

The New York Times.

Globalization: Real Benefits, but Also Real Costs for Many

By Fred Hiatt

WASHINGTON — Opposing trade liberalization is counterproductive as a response to anxiety about globalization, but the anxiety is real and well founded. Those who would promote open trade have to acknowledge as much.

In general, globalization promotes prosperity; countries which have opened themselves to trade have done better than those which build protectionist walls. But globalization hurts some people and certainly does not help everyone equally.

Some countries, and many workers within all countries, are left behind. "Perhaps the greatest risk," writes Dani Rodrik, an economist at Harvard's Kennedy School, is that globalization will lead to "a new set of class divisions."

He makes this point in a recent book entitled "Has Globalization Gone Too Far?" — to which he answers "No, but ..."

This is not the first era of globalization, he points out. The world economy was possibly more integrated in the late 19th century, in terms of trade and foreign investment. Inequality increased then, too.

During that first era of openness, labor was far more mobile than today (it was a time of mass migration). Now highly skilled and professional workers are mobile, either physically or via computer, but most countries no longer welcome unskilled immigrants.

Meanwhile, companies that once were anchored in their communities can easily pick up and relocate. In fact, companies which do not go where they can manufacture and operate most efficiently will soon be overtaken by those which do.

So capital can move, but labor can't; business executives are in a strong bargaining position, but workers aren't; and the result is pretty much what you would expect.

Taxes on capital throughout the industrialized world have been decreasing, while taxes on wages rise. The Economist reports that corporate taxes' share of U.S. federal revenue has fallen from one-third before World War II to 12 percent now, with income taxes filling the gap. The trend is similar in Europe and elsewhere.

Companies' ability to resist overtaxation can impose a fiscal discipline that would benefit an economy regardless of the demands of globalization.

In the long run, though, it could also lead to a race to the bottom among countries lowering tax rates to attract business and thereby finding themselves unable to pay for the very programs — such as education and training — that their people need in order to adjust to a globalizing economy.

At the same time, those benefiting least from globalization would be paying a larger and larger share of taxes.

So there are two related negatives: growing inequality and a loss of national sovereignty. Nations are beginning to respond by seeking coordination in policies that used to be confined within national borders: labor standards, pollution control, antitrust rules, bribery laws. Taxation policy eventually will be added to the list.

More and more, politicians will come to see coordination as a way to restore some measure of sovereignty. Corporate leaders may come to welcome some consistency in rules governing corruption, labor rights and competition policy.

"I think it will happen in pieces," says the Boeing chairman, Philip Condit. "I think the World Trade Organization, is a way of beginning to put a world discipline on these kinds of issues ... It's not a two-year process. It's a fairly long process."

Globalization may increase inequality, and opponents of trade pacts often sound as though the world has been going downhill since tariffs began to come down. But U.S. unemployment has not been this low in more than two decades. And, as the United Nations' recent Human Development Report notes, "in the past 50 years poverty has fallen more than in the previous 500."

Overall, trade promotes prosperity — and growing prosperity is a necessary precondition for the kind of convergence that Mr. Condit is talking about.

U.S. Trade Representative Charlene Barshefsky has an ambitious second-term trade agenda. She wants to push for more U.S. exports by sector (agriculture, telecommunications) and by region as well as by country. She also wants to push for more international coordination in labor, corruption and antitrust policy.

But she can't do it without congressional approval, and Congress is unlikely to approve unless President Clinton fights hard. He will have to confront the anxieties as well as champion the negatives of global integration.

The Washington Post.

Stability, Investment and Reform

By Gordon Brown

The writer is Britain's chancellor of the Exchequer.

LONDON — Building a platform of monetary and fiscal stability is the first economic task that Britain's new government has tackled.

The stability of the postwar period was achieved within a relatively closed economy, with national financial markets, fixed exchange rates and frequent recourse to capital controls. Today stability has to be won in an environment of global capital markets.

The judgment of the markets is as swift as it is powerful. Over the long term, investors will choose to invest for the future in a stable environment rather than an unstable one.

The Labour government is committed to monetary stability, so that businesses and families can plan for the future; to fiscal stability; to higher levels of investment in both people and business; to a modernization of our welfare state, and, not least, to free trade and a constructive engagement in Europe.

Monetary stability is the essential foundation. Our new framework gives the Bank of England operational independence, and is for the long term. The government's role is clear — to set the economic objectives and, in particular, the inflation target. The Bank of England's new role is also clear — to take the operational decisions to meet the inflation target.

The bank will set policy to achieve an inflation target of 2.5 percent. But I have also introduced a new procedure that will reinforce the government's commitment to a more transparent and accountable system of monetary decision-making.

If inflation is 1 percentage point higher or, for that matter, lower than the target of 2.5 percent, then the governor will write an open letter to the chancellor. That letter will explain the reasons why inflation has moved away from the target by more than 1 percentage point; the policy action which they are taking to deal with it; the period within which they expect inflation to return to the target; and how this approach meets the bank's objectives as set by the government.

If we succeed in strengthening the ability of the British economy to sustain growth with low inflation, and if international conditions permit, then I would hope to lower the inflation target. But the long-term inflation target of 2.5 percent, reinforced by the open letter system, provides the final building block for our new framework of British monetary policy.

Building a platform of long-term stability also means that government must play its own role by achieving sustainable public finances.

But we also need to strengthen the underlying capacity of the British economy. Long-term investment holds the key to our future prosperity. It is crucial to improve the supply side of the economy — to remove the obstacles to dynamism and make it possible for us to sustain high and stable levels of growth with low inflation.

My budget will promote stability and investment, but it will also unleash the potential of everyone by reforming our welfare state. The three modernizations we have proposed — of employment policy, of tax and benefits, and of lifelong learning — reflect our determination not merely to compensate people for their poverty, but actually to tackle the causes of poverty.

Our welfare-to-work program will be aimed at helping 250,000 young and long-term unemployed people into work by giving them opportunities to learn, train and gain employment. But we will also modernize the tax and benefits system to ensure that people have jobs, are able to keep the jobs they have and are able to move into better jobs.

The new Labour government cannot build a stronger British economy in isolation. Europe is where we are, where we trade and where we make our living. Sixty percent of our trade and 3.5 million jobs depend upon it. It is vital that investors have confidence in our relationship with Europe.

Our long-term commitment to Europe means that it is essential that we must play a leading role in shaping Europe's future. We will push ahead with the completion of the single market. And we in Europe must both learn from the United States and share our own experience and expertise in reforming our welfare systems and promoting long-term flexibility in our markets, especially our labor markets.

In our monetary and fiscal policy we are determined to chart a consistent course, not for a few months or even a year or two, but for the long term.

Newsweek.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Colonizing Power

LONDON — The *Times* says: "The difficulties likely to be created for America by the annexation of Hawaii are by no means confined to the domestic and Constitutional order. Hawaii will be the first foreign dependency of the United States. With its acquisition comes the necessity of a new and serious foreign policy. America has made it a cardinal feature of her foreign policy to refrain from entangling engagements beyond her borders. By the annexation of Hawaii, she becomes a colonizing power, with the duty of defending a group of islands in the heart of the Pacific."

1922: Cosmic Theory

PARIS — [The Herald says in an Editorial:] A kind of reversion in astronomic speculation is beginning to be tentatively defined. The theory is broached that after all ours may be the sole planetary system in the Universe; that the other fixed stars or suns may not be far enough advanced in the process of condensation to have any true planets — solidified bodies — dependent on them for whatever of animate vitality may exist upon them. Consider how much a reversion to this old notion may re-exalt man's opinion of himself!

1947: Aid to Greece

ATHENS — The draft agreement between the United States and Greece for disbursement of the American aid program here was approved by the Greek Cabinet today [June 16], and the signing of the document will complete the last step except for the appearance of the American mission personnel. American experts will be assigned in Greek ministries to note the direction of every dollar moving through government hands.

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After Gays and Women, It's Straight Men's Turn

By Frank Rich

NEW YORK — It was Richard Tafel, executive director of the gay Log Cabin Republicans, who called last week to remind me of the derivation of the slur "faggot."

As the Oxford English Dictionary says, faggot initially meant "a bundle of sticks, twigs, or small branches of trees bound together" — to be used "as fuel" or for "burning heretics alive." The image was on Mr. Tafel's mind because of the adultery hysteria that now rages through our American culture like an out-of-control forest fire.

Homosexuals, especially those in politics, are used to such sexual witch-hunts. So, historically, are women. But suddenly *in 1997 not even heterosexual* men, of all people, are safe from the lapping flames. "The fire the religious right started with gays," says Mr. Tafel, "is starting to singe straight men."

Whether the fall of Joseph Ralston, the air force general brought down by an extramarital affair, is analogous to the Kelly Flinn case, it is a double for the needless trashing of the gay Bronze Star recipient Margarethe Cammermeyer. Colonel Cammermeyer's nearly 30-year military career was sacrificed in 1992 as pointlessly as General Ralston's when she revealed the nature of a private sex life that should not be anyone else's business.

The next chapter of this epidemic of pansexual faggot-burning will be played out in the political arena. And as Mr. Tafel acknowledges to his own dismay, it's the Republicans who have the most to lose. If Bill Clinton is caught with his pants down, no one can accuse him of the sin of hypocrisy (and, judging from the polls, no one does); he never promised us a monogamist in the Rose Garden.

But for those politicians who have draped themselves in family values, the day of judgment may be at hand. Just as military bureaucrats never imagined that their sexual policing of a Flinn or Cammermeyer could backfire on their own sexually fallible high-ranking officers, so straight-male politicians who've made a career of sternly policing women's reproductive organs and gay people's bedrooms risk being hoisted by their own transgressions.

Already there's been one spectacular casualty. In the midst of the Ralston revelations 10 days ago, Michael Bowers, heretofore the leading Republican candidate for the 1998 Georgia governor's race and a religious-right darling, revealed that he had had a 10-year extramarital affair with a married employee.

As state attorney general, Mr. Bowers was fond of such pronouncements as: "Society has a right to define moral standards." He had rigorously enforced Georgia's anti-sodomy law, defending it successfully before the Supreme Court in a notorious 5-to-4 decision of 1986 that sanctified a police bust of two gay men practicing consensual sex in their own home.

He had also invoked sodomy in winning circuit court ratification of his decision to withdraw a job offer from a highly qualified lawyer who asked a rabbi to officiate over a marriage ceremony — spiritual, not civil — between her and her lesbian partner. But since adultery, like sodomy, is also still on the books as a crime in Georgia, Mr. Bowers now stands revealed, by his own moral standards, as a criminal as well as a hypocrite.

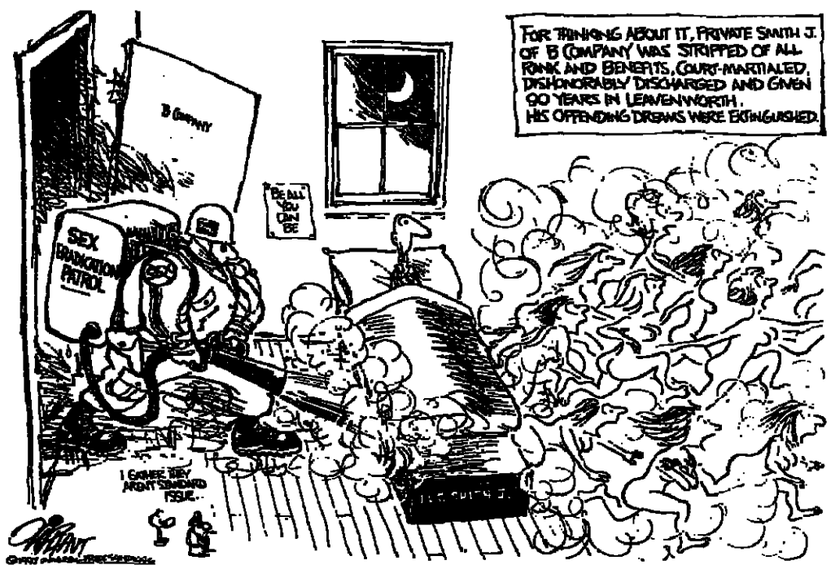
How many other family values-preaching sinners are out there aspiring to higher office? In a tabloid age when there's a bidder for every secret, and with a Republican hierarchy full of divorced men, we're certain to find out.

Like the Bowers case, other recent history reinforces the principle of classic farce: the more pious the politician, the greater the hypocrisy. My faves include Enid Greene, the former family-values congresswoman from Utah oblivious to the check-kiting felonies of her husband, and Bob Barr, the thrice-married Georgia congressman who last year both sponsored the anti-gay Defense of Marriage Act and sternly lectured abortion rights' leaders on morality during televised hearings.

In this heated atmosphere, it only follows that Pat Robertson last week voluntarily gave up the Christian Coalition's presidency and, in a vote for the almighty dollar over the Almighty, sold his Family Channel to Rupert Murdoch, the man who turned over TV's family hour to "Melrose Place."

Mr. Robertson, equally shrewd as a politician and a businessman, knows enough to cash out of the family-values racket just moments before the crash.

The New York Times



When Young Murderers Boast of Their Deeds

By Bob Herbert

NEW YORK — Corey Arthur made virtually no effort to conceal his role in the murder of Jonathan Levin, investigators said.

Detectives believe that Mr. Arthur, 19, bounced around on the subways in the day or two before Mr. Levin's death, trying to persuade first one and then another acquaintance to join him in the fatal scheme.

MEANWHILE

After the widely admired 31-year-old high school teacher had been stabbed, shot and robbed in his upper West Side apartment, Mr. Arthur, like so many other young violent offenders, could hardly wait to tell friends what he had done, the police said.

"He was boasting about it," said a veteran homicide detective. "They all do it. They want their peers to know."

Mr. Arthur left a message on Mr. Levin's telephone answering machine before the murder and reportedly left personal items in the apartment afterward. He never really tried to hide. He never fled.

"He even kept the bloody clothes," the detective said. "For what? Souvenirs?"

Some people hit game-winning jump shots at the buzzer. Some save lives on the operating table. Some write hit songs. It doesn't matter what they do. It's all about respect. They want their peers to know.

In the world inhabited by Corey Arthur there is an extraordinary number of hapless individuals, mostly male, who roam the streets and ride the subways raging at their insignificance, at their isolation and chronic inability to deal successfully with the larger world, at the contempt and disdain with which they are viewed by so many, including themselves.

They are obsessed with gaining respect. Unable to achieve it in more conventional ways, many turn to violence. A Brooklyn teenager once said to me, "Nobody disses you when you've got a gun on 'em."

Corey Arthur (who has been indicted, along with a codefendant, in Mr. Levin's murder) had very little going for him. He wanted to be a rap star but his talent was limited. He had a police record. He was expelled from *William Howard Taft High* School in the Bronx, where he met Mr. Levin. He had a drug habit. An acquaintance quoted in a Times story said: "He always wanted to have money but never wanted to get a job. His M.O. was *to stick* black people up or whoever he can."

Mr. Arthur may not have known that Jonathan Levin had come from an extremely wealthy family, but it's a safe bet that he envied what he saw as his ex-teacher's exalted status. Jonathan Levin got lots of respect, Corey Arthur got none. Whatever happens to Mr. Arthur (the options range from acquittal to execution), it is in that deep and destructive divide that we need to be working if we want to prevent the many tragedies that flow from the sense of worthlessness that is felt by so many potentially violent youngsters.

It is the tallest of orders, and not at all for the faint of heart.

Families have to be knitted back together and fathers brought back into the home. Children have to be taught to read and to reason in schools that are secure and in good repair. Attitudes have to be changed so that violence loses its cachet and teenagers don't feel that after killing someone they are entitled to turn around and take a bow. Punishment for those who harm others should be swift and certain and severe.

And the men and women with their hands on the levers of the economy need to be made aware that a saner, safer society depends on employment opportunities being available to everyone who can work.

Many people are already hard at work on these matters. (Jonathan Levin was one. He had a gift for honing the talents and ratcheting up the esteem of his students.) But the task is enormous and getting bigger. The demographers tell us a huge new wave of teenagers is almost upon us.

We can engage them and guide their energy and talents along *constructive paths. Or we can ignore* them, and wait for the weakest and most desperate among them to seek their measure of respect and the applause of their peers by squeezing the trigger of a gun.

The New York Times.

LETTERS TO THE EDITOR

A Frenchman in the U.S.

Elections won't change anything in France. The fundamental *reason for this springs not from* the nature of politics but from the ultraconservative nature of the French. The more a Frenchman is to the political left, the more conservative he is and the less he accepts any change. The rigidity of the French is such that they would sell mother and father just to hold onto their "petites pensions," vacations and retirement pay.

The proof? Whether it's pushing back the retirement age or adapting Air France to the world market, the French are always in the streets protesting against it — and for their cherished social privileges. They're all in favor of change but only if they get to keep their benefits. In short, the solution to problems is always someone else's problem.

The French get teary about the unemployed, but don't be fooled: It's only an excuse to demand even more benefits for themselves. They'll even go so far as to say, solemnly and pompously: "Let's share work. That way, there'll be fewer unemployed." This can be translated as: Increase my vacation time and retirement pay.

But what happens when productivity drops a bit more and results in an even higher unemployment rate?

All you have to do is take a train or the métro, or go into a café or waiting room, and listen to the French talking among themselves to understand just how conservative they are. Their conversations are incredible. The topic is social benefits, vacations, weekends — but work? Never.

The reality is clear: The French don't want to work but continue to demand that the state provide completely for their future. This can't go on forever.

Looking at France from the United States is a bit like watching the Titanic heading out into the night. You know the future is full of obstacles and no ship is unsinkable. The French have been warned about the dangers, and of the necessity of sacrificing some benefits in order to save many others. Nothing doing. The Frenchman, like those who built the Titanic, knows better than anyone, thinks himself invincible and continues to deny the evidence that France must be put back to work.

No jobs in France? There are plenty. The first consists of creating the favorable economic conditions that will provide work for the unemployed, for those stuck in miserable internships and for others who have simply retired.

The French of the year 2000 protect their social privileges much as the prerevolutionary aristocrats protected their fortunes by refusing to contribute taxes to the development of the country.

Like them, today's Frenchmen will finish, one day or another, by losing their heads.

PIERRE CALLIES.
Minneapolis.

BOOKS

EXILES
Three Short Novels

By Philip Caputo. 353 pages. $25. Alfred A. Knopf.

Reviewed by
Christopher Lehmann-Haupt

THE title "Exiles" and the name Philip Caputo seem almost tautological. In his previous six books — two of them memoirs, "A Rumor of War" and "Means of Escape"; four of them novels, "Horn of Africa," "DelCorso's Gallery," "Indian Country" and "Equation for Evil" — Caputo has repeatedly explored with considerable skill the alienating effects that warfare in foreign countries, most hauntingly Vietnam, have had on Americans.

So it is predictable enough that two of the three short novels in "Exiles" are set abroad and focus on extreme cases of cultural conflict.

In one of them, "Paradise," a white couple tries unsuccessfully to impose economic self-sufficiency on the black natives of a tiny island in the Torres Strait of Australia. In the other, "In the Forest of the Laughing Elephant," four American soldiers and "a hill tribesman" track a huge man-eating tiger in the jungles of Vietnam.

But what makes "Exiles" extraordinary is the lead story, "Standing In," which is set mainly on the Gold Coast of Connecticut and which concerns neither warfare nor foreigners. Here Caputo brings fresh subtlety to the psychology of exile. It is one of the most engaging works of fiction he has yet produced.

Both of the other novellas certainly seize your attention effectively enough. In the paradoxically titled "Paradise," a badly sunburned man washes up on Nettles Island in a rubber life raft, the apparent victim of a shipwreck.

As the islanders nurse him back to health, his behavior begins to unsettle the delicate balance of power between the black natives and the white administrators who are trying to make the island's fishing business profitable. Yet despite the story's steadily mounting tension, there is something predictable about the natives' outmaneuvering of the colonialists. We've read this story before.

It is only in the longer "Standing In" that Caputo's narrative achieves real psychological freshness. Here Dante Panetta, grieving for his recently deceased mother, is thrown from his sleeping berth when the train he is riding north from Florida to Connecticut for her funeral comes to a sudden stop in the middle of the night.

Going from car to car in search of a conductor to explain the delay, Dante comes upon an older woman smoking a cigarette in the dark. They fall into conversation and discover the proximity of their homes in Connecticut and the vast social gulf between them: Dante is a barber who plays in a second-rate band at night; the woman, Greer Rhodes, is an old-line Yankee aristocrat who sells real estate to fill her time while her husband works as a stockbroker.

The train begins to move again. The two say good night and are about to part when Greer sees Dante's face in the light, and says, "Oh, my God."

The next morning Greer and her husband, Julian, reveal to Dante that he appears to be the identical twin of their late son, Clay, who died in an accident while serving as a naval pilot in the Gulf War. The Rhodeses then offer Dante a lift from Pennsylvania Station in New York City to Connecticut. Grateful for relief from his loneliness, Dante accepts. Before long he will have given up his life in Florida and moved in with the Rhodeses to become a substitute son to Greer.

WHAT makes "Standing In" come particularly alive is the combination of mutual emotional need and sexual attraction that draw Greer and Dante to each other. To further complicate matters, Clay turns out to have been homosexual and to have died under scandalous circumstances, facts that Greer has always rigidly denied. Dante's willingness to become a substitute son offers her a chance to practice further denial. But is Dante himself heterosexual? And even if he is, can he bear the pressure of being looked on as a parasite by the Rhodeses' snobbish friends?

Summed up so tersely, "Standing In" may sound like a soap-operatic parody of a story by John O'Hara or John P. Marquand. But Caputo's characters, for all their neediness and inclination to deceive, turn out to have depth and moral resonance. The choices that Dante finally has to make reflect the instability of the American social dynamic, which, in the perspective that Caputo lends it, can be seen as a kaleidoscope made up of nothing but exiles.

Christopher Lehmann-Haupt is on the staff of The New York Times.

CHESS

By Robert Byrne

VISWANATHAN Anand beat Vasili Ivanchuk in Round 8 in the Amber Tournament in Monaco.

The Kan Variation of the Sicilian Defense, arising after 4...a6, lays claim to a minority of terrain but intends to defend it like a porcupine.

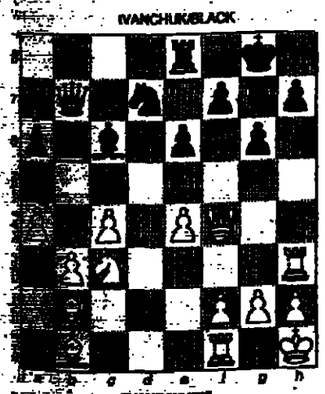
After 9...Be7, it remains an open question where White should develop the queen bishop, at d2, e3 or g5. This game makes a good case for the fianchetto with 10 b3 and 11 Bb2.

The exchange of knights with 12 Nc6 Bc6 is more efficient than trying to avoid it by losing time with the retreat 12 Nf3.

After 14...Rab8, Black cannot be permitted to advance with 15...b5, which would free his game and give him easy counterplay. So Anand clamped down with 15 e4.

Maybe Ivanchuk should have played 15...Qb7, with the idea that after 16 Bd3, the d3 square would be appropriated so that Anand could not marshal his forces with 16 Rd3 for a mating attack.

IVANCHUK/BLACK



ANAND/WHITE

Position after 21 . . . Bg7

After 17 Rd3, Ivanchuk could not play 17...Nc5 18 Rg3 Nb3? because 19 Rg7! Kg7 20 Nd5 wins a queen for Anand.

In place of 18...g6, Ivanchuk could have played 18...b6, but then 19 f4! would have started an attack to be pursued by 20 Qd2, 21 g4 and 22 g5.

On 19 Qd2!, Ivanchuk was hard pressed to defend against the threat of 20 Qh6 Nf8 21 Nd5! ed 22 Bf6, with mate to follow. He could not well play 19...Bc3 20 Bc3 Nf8 21 Qb6 e5 22 f4 f6 23 fe fe 24 Rhf3 because White would be in position for a decisive attack.

Thus, with 19...Qb7 20 Qd6, Ivanchuk shed a pawn.

After 21...Bg7, Anand struck with the intricate 22 Nb5! Ivanchuk could not accept the gift of a bishop with 22...Bb2 because of 23 Nd6 Qb8 24 Qf7-Kh8 25 Qh7 mate. Perhaps Black could hold out longest with 22...e5 23 Qh4 ab 24 cb Nf6 25 bc Qc6, but Ivanchuk would still have been a pawn down facing the bishop pair.

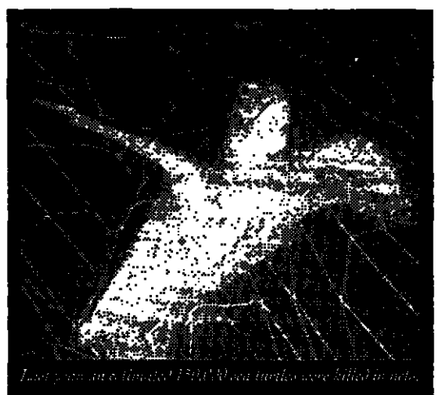
On 22...ab 23 Bg7 Kg7 24 Qh6, the consequence of 24...Kf6 could have been 25 Qh4 Ke5 26 Rd1 Be4 27 f4 Kf5 28 Qg5 mate.

On 31 cb, there could have followed 31...Be4 32 Qf4 e5 33 Qe4 Qe4 34 Be4 and Black is three pawns behind. Ivanchuk gave up.

SICILIAN DEFENSE

White Anand	Black Ivanchuk	White Anand	Black Ivanchuk
1 e4	c5	16 Kh1	Nd7
2 Nf3	e6	17 Rd3	Bf8
3 d4	cd	18 Rh3	g6
4 Nd4	a6	19 Qd2	Qb7
5 Bd3	Nf6	20 Qd6	Rbd8
6 0-0	d6	21 Qf4	Bg7
7 c4	b6	22 Nb5	ab
8 Nc3	Bb7	23 Bg7	Kg7
9 Qe2	Be7	24 Qh6	Kg8
10 b3	0-0	25 Qh7	Kf8
11 Bb2	Nc6	26 Qh8	Ke7
12 Nc6	Bc6	27 Qh4	g5
13 Rad1	Qc7	28 Qg5	f6
14 Bb1	Rab8	29 Rh7	Kd6
15 a4	Rfe8	30 Qd2	Kc7
		31 cb	Resigns

Why should we let a bunch of World Trade Organization bureaucrats determine the fate of our earth?



Will a foreign trade panel decide to overturn U.S. law and condemn endangered species to extinction?

Are those faceless bureaucrats nobody elected to run the secretive World Trade Organization so eager to promote global commercialism that they have taken it upon themselves to overrule the American voter and erase a key U.S. environmental law?

Never before has the United States allowed an outside power to dictate its statutes. Never before have we suspended our sovereignty to appease something so shadowy as a W.T.O. "dispute panel" closed to all public input and devoid of any accountability.

What's at stake? Whether America and other countries are allowed to set the standard for the way imports are produced. In this case, it's shrimp caught in nets which needlessly kill an estimated 150,000 endangered sea turtles each year — slaughter avoided if the nets are equipped with simple, cheap "turtle excluder" devices mandated by federal law.

Unwilling to equip their nets, some shrimp-exporting countries claim the U.S. Endangered Species Act is an illegal "trade barrier" and want the Act suspended. One of the nations complaining, Pakistan, is better known for exploiting child labor than for shrimp exports. Perhaps it's testing the W.T.O. to see if our child labor laws are also "unfair."

Why should governments continue to support an institution that threatens democratic values and environmental protection? Aren't these more important than the pursuit of international trade?

The people of the earth have the right to set the highest standard.

Only shrimp and prawns with this mark are certified Turtle-Safe™. Look for it where you dine or shop.

TURTLE-SAFE CERTIFIED
Earth Island Institute

PUBLIC MEDIA CENTER

Protest now — in U.S.A. call 1-800-859-SAVE — or reach us via www.earthisland.org/strp/wto.html or address below.

THE SEA TURTLE RESTORATION PROJECT
c/o Earth Island Institute 300 Broadway, Suite 28, San Francisco, CA 94133 Fax: 415/788-0572

Blair Picks Pragmatism In Debate on Jobs Plan

British Leader Allies Himself With Kohl

By John Vinocur
International Herald Tribune

AMSTERDAM — Here was a British official talking to a couple of hundred reporters about Prime Minister Tony Blair's morning at the European Union summit meeting, and here was the same British official volunteering, not at all in response to a question, that his boss shared the same line as Chancellor Helmut Kohl on refusing to put new community money into make-work programs.

In a ritual where the rules say spokesmen stick to characterizing the positions of their employers, and don't give away who backed whom, this was mildly unusual stuff.

But its effect was exceptionally straightforward, making clear that the new Labour prime minister sided with Germany's Christian Democratic chancellor on how European Monetary Union was to be brought forward into the new century. After a week or two of chatter about emerging leftist control of leadership in Europe, and the attempt of the new French Socialist government to write publicly financed job programs into the budget stability pact that EU leaders endorsed Monday, Mr. Blair signaled he was not going to carry the burden of Social Democratic unity at the expense of his own convictions and campaign promises.

The man who some editorialists had said might be a bridge between left and right, stressing his own comfort with both socialism's humanist vocabulary and the cash judgments of the marketplace, picked pragmatism instead.

The same British official, whose name was not used under the rules of the briefing, said Mr. Blair had talked with President Jacques Chirac and Prime Minister of Lionel Jospin of France before the first summit session at offices of the Netherlands central bank.

A British reporter asked if Mr. Jospin was disappointed and Mr. Chirac relieved by the prime minister's support of the chancellor. There was no immediate answer, but the official said later that some members of the British press were "trying to suggest there is some great divide between Mr. Blair and Mr. Jospin." This, he insisted, was not the case.

But he left no room to suppose there was much in common either. The official repeated Mr. Blair's preference for flexible labor markets, welfare reform and employability as the keys to creating jobs, and not "schemes that may sound fine but may end up being wasteful." Mr. Blair was pleased that jobs were high on the EU's agenda now, and he found that the emphasis among the leaders here on flexibility in the job market and competitiveness boded well for the future, the official said.

He quoted Mr. Blair directly as telling the other chiefs of state and government that "the EU's role in employment is to encourage exchange of ideas, and best practice not to launch major new spending programs."

The prime minister was also described as insisting that Europe must acknowledge that the primary responsibility for employment remains with the member states, as laid out in the EU's charter.

Although Britain is not a candidate for the single money, the euro, at this time, Mr. Blair cast himself again on the side of Mr. Kohl and his allies as favoring tight interpretation of the criteria for creating the currency. He was said to have expressed determination that there should be no "fiddling" or "fudging" of the deficit ratio numbers in arriving at the euro.

Of all the reasons for Mr. Blair's sharp line against easing the terms of the stability pact, the most certain is that it best suits the wait-and-see attitude on the single currency his party has adopted. With an unemployment rate of about half that of France or Germany, Mr. Blair is under little pressure to find new plans for job creation at home, and unwilling to be cast as a prime minister who would play lightly with Europe's future.

Manuel Vals, Mr. Jospin's spokesman, was asked how he regarded Mr. Blair's alignment in Amsterdam. "Logical," he replied.

Reuters

Mr. Blair, left, talking with Prime Minister Lionel Jospin, center, and President Jacques Chirac of France on Monday in Amsterdam. Mr. Blair declined to back Mr. Jospin's bid to get the EU to finance new job programs.

ACCORD: *Compromise on Stability Pact*

Continued from Page 1

olution was "a little timid," Finance Minister Dominique Strauss-Kahn said, but it marked "a first step toward the creation of an economic pole" that will stand alongside the future European Central Bank and give greater priority to growth and employment.

That seed for a political counterweight to the central bank appeared to guarantee a continued French-German struggle over the contours of monetary union. They are likely to disagree over whether to interpret the Maastricht deficit and debt criteria flexibly and whether to include Italy from the outset. Those issues were not discussed Monday, but Mr. Strauss-Kahn made clear that Paris would press those points in the months ahead.

"We continue to think that the euro should be able to include the Spaniards and the Italians from the start," he said.

The agreement brought relief to EU leaders, who were jolted a week earlier when the French government first cast doubt on whether it would endorse the stability pact, which had been agreed in principle six months earlier by President Jacques Chirac and France's then-Conservative government.

In addition to keeping monetary union on track, it cleared the decks to proceed with final negotiations on a new EU governing treaty that the leaders hope to endorse Tuesday. The treaty, which will include new commitments for common EU policies on border controls and immigration policies, enhanced cooperation on foreign policy and a streamlining of the Union's governing bodies, is intended to prepare the bloc to begin membership negotiations with Central and Eastern European countries.

The treaty also will contain a new chapter on employment calling for increased policy coordination.

The limits of the employment initiatives were evident in the phrasing. The employment resolution, for example, while invoking the principles of inclusion and solidarity, mostly emphasized the free-market principles of competitiveness and labor-market flexibility touted by the British prime minister, Tony Blair.

One British official suggested that the resolution could contain more trouble than comfort for Mr. Jospin. "It means that countries which have labor markets that don't create jobs will be under a spotlight," he said.

Separately, Mr. Waigel canceled his attendance at the Group of Seven summit meeting in Denver this week to be able to participate in the ongoing discussions about the 1997 and 1998 budget, a ministry spokesman said Monday.

2d EU Referendum Likely in Denmark

Reuters

AMSTERDAM — Denmark, whose voters initially rejected the Maastricht treaty in 1992, must almost certainly hold a new referendum on the outcome of EU reform talks, the minister of economic affairs, Marianne Jelved, said Monday.

Ms. Jelved, participating at the two-day summit meeting of European Union leaders in Amsterdam said it was a "99 percent" probability that Denmark would need to hold such a public vote.

"But we have to wait to see the final text," she said, referring to the revised treaty that is being negotiated by EU leaders. Ms. Jelved added that such a referendum could be held next February or March.

ISRAEL: *West Bank Proposal*

Continued from Page 1

begin work on a new Jewish neighborhood, said the leaks about the proposal are further evidence that Mr. Netanyahu means to impose unacceptable terms.

"We have heard about this plan only in the newspaper," the chief Palestinian negotiator, Saeb Erekat, said Sunday. "Why bother telling us? The real negotiation is taking place within his own coalition, and with us he feels he can dictate."

Under interim agreements negotiated by Mr. Netanyahu's Labor predecessors with the Palestinian leader, Yasser Arafat, the West Bank is now divided into three kinds of territory.

In six Palestinian cities and most of a seventh — 3 percent of the West Bank's territory and 29 percent of its Arab population — the Israeli Army is gone. A little more than 24 percent of the territory — containing 67 percent of the Arab population — is a mixture of Israeli military and Palestinian civil rule. The largest part of the West Bank — a little more than 72 percent of the territory but only 4 percent of the Arab population — is entirely in Israel's hands.

Israel promised to hand three additional chunks of the West Bank to the Palestinian Authority, but Mr. Netanyahu has halted those transfers as part of his dispute with Mr. Arafat.

An army map of Israeli security interests in the West Bank, said by Netanyahu aides to be the basis for the intended proposal, was examined recently by The Washington Post.

The army map begins with the strategic Jordan Valley as a barrier against attack from the east. On the other side of the West Bank, at Israel's pre-1967 border, the army has drawn in a north-south "seam strip" of varying width, thickest in the northern West Bank to incorporate heavy Jewish settlement there and the Yarkon-Taninim aquifer.

Additional Israeli interests, on the army map, include four east-west "strategic axes" enabling the movement of heavy equipment between Israel and the Jordan valley; the settlements and their surroundings; a broad "defense zone" around Jerusalem and nearby Jewish settlements; high ground on the Samarian hills for intelligence and air defense emplacements, and "lifelines" of traffic, electricity and water pipes.

■ Violence in Hebron and Gaza

Israeli soldiers shot and wounded at least 38 Palestinians Monday in the third day of clashes with stone-throwing Arabs in the divided West Bank town of Hebron, Reuters reported, quoting witnesses and hospital officials.

In Gaza, Jewish settlers were reported to have shot and wounded a Palestinian youth and fired at least three bullets at journalists during a clash over land that Arabs said had recently been fenced off and annexed to a settlement.

The violence underscored rising tensions over the three-month deadlock in peace efforts and what Palestinians view as an Israeli drive to expand Jewish settlements in the West Bank and Gaza.

■ U.S. Policy in Mideast Criticized

A prestigious foreign policy group urged the United States on Monday to abandon its "incremental" approach toward Mideast peace and undertake a major initiative aimed at a final settlement with a Palestinian state, The Associated Press reported from Washington.

In a report, a panel commissioned by the Council on Foreign Relations concluded that "incremental 'confidence building' measures no longer work."

"The time has now come for the parties to define a framework for final-status issues," the panel said, adding that "a Palestinian state, however constrained in its sovereignty, is an essential component of such a framework."

JAPAN: *Adept at Imitating, Nation Turns to Heavy Investment to Close Innovation Gap*

Continued from Page 1

"Because it is hard to introduce outspoken opinions into Japanese society, it is hard to spawn creative ideas," said Mr. Inamori, an advocate of greater spending on basic research.

Japan's trade statistics offer the best indication of the size of its technology gap.

Although Japan boasts a perennial surplus in its trade in manufactured goods with the rest of the world, it consistently posts a deficit in earnings from royalties and license fees for patented technologies.

According to Finance Ministry data, Japan had a deficit of 48 billion yen ($420 million) in such trade in the year that ended March 31, a 10 percent increase from the year before.

According to these statistics, Japanese companies earned 56 billion yen in royalty payments and license fees, the bulk of it from companies based in Japan's less developed Asian neighbors. By contrast, Japanese companies paid 104 billion yen in royalties and license fees, with the largest portion of that going to U.S. companies that led the way in fields such as telecommunications and medicine.

Partly to reduce that deficit but largely to cut its dependence on foreign technology, Japan has earmarked nearly $150 billion to spur the development of more home-grown technology between 1995 and 2000. Scientists nationwide are benefiting from bigger research grants and new laboratories. But many caution that politicians should not expect a wave of scientific breakthroughs soon.

"For me, the government's new policy is a big plus," said Fumio Hara, a professor at Tokyo University of Science who specializes in advanced robotics.

Until last year, Mr. Hara worked in a cramped and dirty laboratory on campus to develop a robot he hopes can supersede the computer keyboard. But a grant that is part of Japan's latest spending spree has enabled him to move into a spacious new laboratory nearby, which is helping speed up his research.

"The government is committed to funding more scientific research until 2000," he said.

"After that, I'm not sure what will happen. But it's going to take a long time before scientists here come up with any tangible results to show for all the extra spending."

At the same time, in areas such as social welfare, finance and management, Japan shows no signs of halting its search for foreign solutions to its domestic dilemmas.

In recent years, Japanese officials and companies have relied on Western ideas to deal with problems including these:

- Homelessness. To combat an increase in homelessness, Tokyo city officials recently visited New York to study how it coped with the estimated 100,000 people sleeping in shelters there.

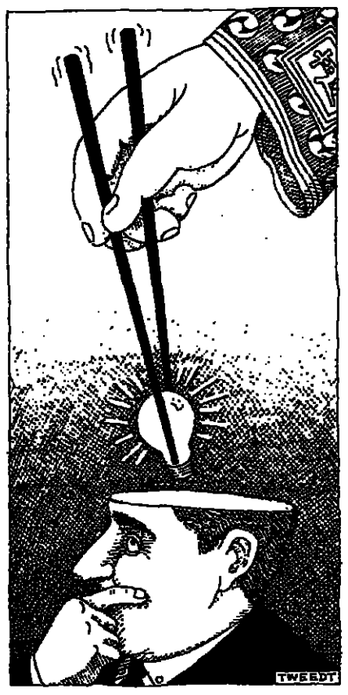
The officials learned that large, long-stay shelters were riddled with violence and drug abuse and that small, short-stay shelters were more effective. Tokyo plans to build five such shelters to help the city's estimated 10,000 homeless people find work and homes.

- High labor costs. Japanese executives have fanned out worldwide in the past three years to look for ideas about how to revamp Japan's costly seniority-based pay system. Under that system, employees of the same age receive nearly identical salaries, irrespective of ability or performance. Now, many companies are introducing Western-style merit-based pay programs. These cut payroll costs sharply because there are always more mediocre than outstanding employees, their proponents say.

- Disappearing factory jobs. To offset a decline in jobs in the manufacturing sector, government officials studied American job-creation policies. The Ministry of International Trade and Industry has published a 50-page handbook listing recent U.S.-style initiatives and aimed at encouraging people to start their own businesses and create jobs.

- Antiquated financial markets. To make Tokyo's financial markets as competitive as those of London and New York, Japanese authorities have announced they will tear down regulations that stifle competition by 2001. The reforms, which will remove barriers protecting Japan's banks, stockbrokerages and insurance companies, are based on London's 1986 "Big Bang" moves to cut market regulations.

"It is a good thing to emulate others," Eisuke Sakakibara, director-general of the International Finance Bureau at the Ministry of Finance, said. "What we see as the merits of, say, the American economy and American society, we should learn from, and we have been good at that."



BARONS: *Leader Quietly Wrests Bits of Moscow's Waning Power*

Continued from Page 1

Mr. Shaimiev rules Tatarstan with formidable authority. "It is the total power of a monarch," said Ivan Grachev, who heads a Tatar opposition bloc and serves in the Russian Parliament.

Yelena Chernobrovkina, political editor of the independent newspaper Vechernaya Kazan, said, "He holds the whole republic in his hands and leads it where he wants it."

Mr. Shaimiev has so dominated the political scene that he ran unopposed for president last year, winning 97.5 percent of the vote.

After the Soviet collapse, Mr. Shaimiev wrested considerable autonomy from Moscow without going to war. He negotiated an unprecedented power-sharing treaty with the Kremlin, signed in 1994, which allows Tatarstan to keep much of its tax revenues and earnings from oil wealth.

Tatarstan flies its own flag, sells its own weapons abroad, has opened its own foreign trade offices and follows its own economic policy. But it has no separate army, currency or postage stamps. These are all Russian.

"Tatarstan has become master of all our riches," Mr. Shaimiev said in an interview in Kazan, the capital.

While the breakaway republic of Chechnya fought a war against Russia for independence, Mr. Shaimiev took a more pragmatic route. He bargained for tax breaks, but not full independence.

To demand a complete break with Russia, Mr. Shaimiev said, would have led to war. "And I am afraid it could be a war without any results," he added, noting that after the conflict in Chechnya, which claimed more than 40,000 lives, no country recognized Chechnya's independence.

But the Tatar treaty with Moscow unleashed a profound change inside Russia, triggering similar demands from other regions. At first, the Kremlin refused. But now, 24 of the 89 republics or regions have negotiated power-sharing deals.

Although the prospect of violent secession has dimmed with the Chechen peace agreement, some observers think the sinews of the Russian Federation are degenerating. In the worst case, a breakup could have frightening repercussions, especially if it came with a violent shudder that triggered wars.

But others see this as less likely than a gradual erosion of central authority. And still others say that the Tatarstan model is a temporary device to prevent a more disorderly and dangerous unraveling.

"The centrifugal force is too great with these treaties," Mr. Grachev said. "If Russia wants to be preserved, it will be compelled to end these treaties one by one. Gradually, these treaties will be voided."

But, he acknowledged, "The treaty with Tatarstan can't be quickly undone."

When President Boris Yeltsin visited Kazan in August 1990, he urged the republics to grab "all the sovereignty you can swallow." The words haunt him still.

Mr. Shaimiev, then a regional party leader, took Mr. Yeltsin literally. He hamessed rising Tatar nationalism — critics say he instigated it — and used it to survive the era's upheavals.

Not long after Mr. Yeltsin's visit to Kazan, Tatarstan began to pull away from Russia, with the Tatar Supreme Soviet issuing a declaration of sovereignty. Then, in 1992, Tatarstan's voters overwhelmingly approved a referendum on sovereignty, over Moscow's protests. By year's end, a new Tatar constitution was approved.

The 1994 treaty with Moscow gave Tatarstan extensive responsibility. While Russia kept control of the military factories and higher education and agreed to pay for half of the police costs, Tatarstan got virtually everything else, including the lucrative oil and petrochemical industries, the sole right to collect taxes and control of key appointments.

At its peak in 1991, the Kamaz truck factory churned out 130,000 trucks a year. This year, the break-even target is 23,500. No one knows whether Mr. Shaimiev will have more success than others who have watched the plant sink into debt, but Moscow has clearly lost interest, leaving the fate of Kamaz to Tatarstan.

"Russia did not need us, but Tatarstan needed us," said Ivan Kostin, the company's new general director. "The last time when Shaimiev asked me, not long ago, if I believed it is possible to get Kamaz out of the fix which it is in now, I said 'Yes — together with you!' "

IRA: *London Suspends Talks With Sinn Fein After 2 Killings*

Continued from Page 1

according to initial reports — appeared and fled quickly. The IRA took responsibility shortly thereafter in a call to a local radio station.

The assassinations were the most serious acts of violence by the IRA since Mr. Blair tried to bring some movement to the stalled Northern Ireland multiparty peace talks by lifting a ban on official contact with Sinn Fein, the political party led by Gerry Adams. Two meetings had taken place and a third — canceled Monday after the shootings — had been scheduled for this week.

The purpose of the meetings, according to British officials, was to make yet another attempt to get the IRA to reinstate the cease-fire agreement it abandoned in February 1996. That would have opened the way for admission of Sinn Fein to the peace talks. Participation in the talks is currently open only to political groups committed to nonviolence.

The IRA actions, Mr. Blair said Monday from Amsterdam, "defy normal understanding."

"It is difficult to interpret this latest attack," he said, "as anything but a signal that Sinn Fein and the IRA are not interested in peace and democracy and prefer violence. There is obviously no question of a further meeting with Sinn Fein in these circumstances."

In Northern Ireland parlance, "Nationalists" favor an end to British rule, while "Unionists" and "loyalists," representing the majority Protestants, want to remain part of the United Kingdom. Both groups include terrorist organizations such as the IRA, as well as democratic political parties.

Some 300 police officers have been killed during Northern Ireland's sectarian "troubles" over the past 30 years. Recently, the overwhelmingly Protestant police force has found itself targeted by Protestant loyalists as well as Catholic paramilitary groups, in part because it carried out orders last summer and this spring to stop some Protestant traditionalists from marching through Catholic neighborhoods.

TURKEY: *Erbakan Planning to Resign*

Continued from Page 1

critics of trying to overrule the will of the voters. His Welfare party finished first in the 1995 election, taking slightly more than 21 percent of the votes.

Mr. Erbakan did not directly criticize the military, but he took strong exception to the view that the military was responsible for defending Turkey's political system as well its territory. He said the cabinet, not the military-dominated National Security Council, "is the body that carries the real responsibility."

In an interview last week, Turkey's deputy chief of staff, General Cevik Bir, asserted that the military here has a broader legal mandate than the American or British military. On Monday, Mr. Erbakan rejected that view.

"There is democracy in this country," he said. "The situation here is the same as it is in the United States, Britain, Germany and all democratic countries. In these countries, the military cannot decide anything by itself."

Apparently responding to military demands that he curb Muslim organizations and restrict religious education, Mr. Erbakan said: "We would like to have freedom of thought, freedom of expression, freedom of education, freedom of association. Certain ideas have been put forth suggesting that these freedoms be restricted. We think this is a step backward, not forward."

A federal prosecutor has begun proceedings to ban the Welfare party, and Mr. Erbakan said Monday that "in a democracy there is not and cannot be such a thing as closing parties."

"Parties are there to represent the people," he said. "You cannot order a large part of the people not to exist. You cannot take away their rights."

Mr. Erbakan predicted that in new elections, which he hopes will be held in October, his party would win 10 million votes. That would be a huge increase from the 6 million it won in 1995 and might give him enough seats in Parliament to form a government without a coalition partner. Military commanders have signaled that they will not tolerate such a government.

"The military will never allow Erbakan to govern on his own," a foreign ambassador said last week. "They would stage a coup to prevent it. It might be a 'soft coup' rather than an explicit takeover, but they will do whatever is necessary. They think he is a dangerous subversive and will never trust him."

One of Mr. Erbakan's senior aides, Minister of State Abdullah Gul, said that generals and other critics of the government "don't trust the people."

"They don't have enough information," Mr. Gul said. "Some of them think we are really a threat to this country. Maybe they are sincere in this fear, but it is not correct."

Asked how Mr. Erbakan, who at his news conference claimed to lead a party with "clean hands," could have formed a government with Mrs. Ciller, Mr. Gul replied: "We were forced to do this."

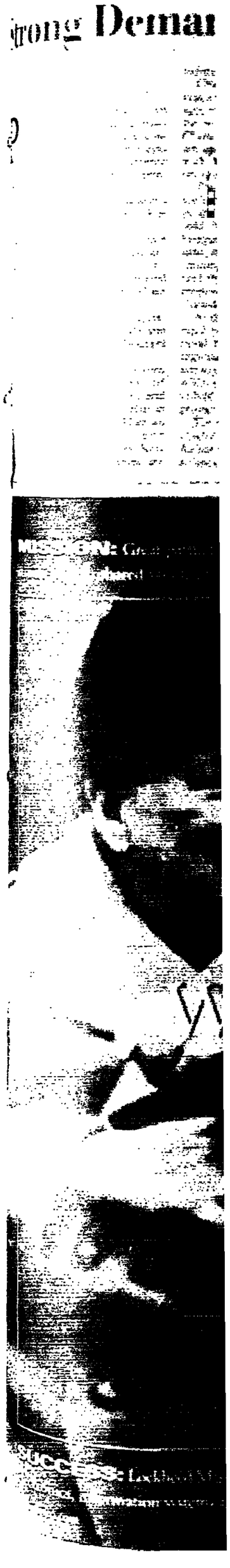
He expressed irritation that attacks on Mrs. Ciller's alleged corruption have faded as the assault on the government's supposed drift toward fundamentalism has intensified.

"You can be corrupt in this country; this can be forgiven," he said. "You can make crime in this country, you are forgiven. But for some people, if you are a good Muslim you are not forgiven, you are not acceptable."

■ Police Headquarters Bombed

Two assailants fired an anti-tank rocket at the main police headquarters in Istanbul on Monday, and two officers were slightly wounded by flying glass, news agencies reported.

The far-left Revolutionary People's Salvation Party Front took responsibility for the attack. The front, an urban terrorist group, has been responsible for the killings of businessmen and for other bombing attacks. *(Reuters, AP)*



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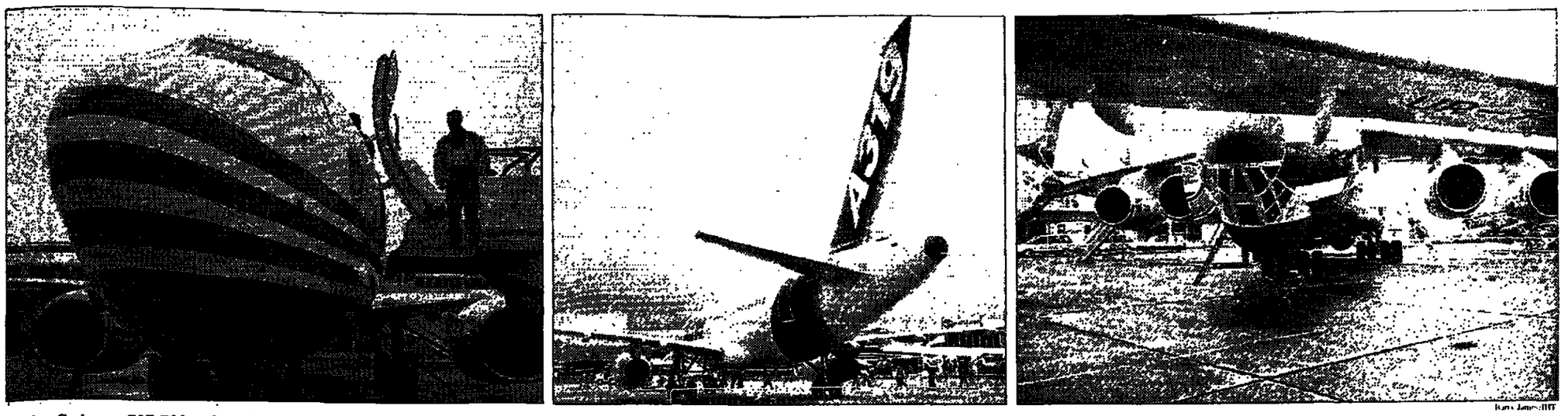

Boeing Co.'s new 737-700 airliner, left, is competing at the Paris Air Show with the Airbus A319, center. Russia hopes to attract buyers with its Ilyushin Il-96 freighter, displaying its unusual forward viewing compartment.

Strong Demand for Regional Jets Helps Fuel a Booming Civilian Market

By Barry James

PARIS — The 42d Paris Air Show reflects an upturn in markets for civilian jetliners and intense competition for the embattled military sector as defense budgets are trimmed in many countries.

Competition among manufacturers of regional airliners emerged as a key theme on Monday.

With airlines buying planes at the rate of more than $1,500 a second, there are few parts of the world that are not attracted to a market worth an estimated $1 trillion for large passenger jets alone in the next 20 years.

The show has attracted about 1,760 exhibitors, and about 220 aircraft and helicopters are on display at Le Bourget airport just north of Paris.

Brazil and Moldova have their own national pavilions for the first time, and exhibitors from Lithuania, Thailand and South Korea are making their debut at the world's oldest air show. After an absence, Australia is back with its own pavilion, including exhibits from New Zealand. More British companies are exhibiting than ever before.

China has doubled its exhibition space since the last Paris show two years ago, reflecting its importance as one of the world's hottest aerospace markets. China has made it clear that it wants to set up partnerships and joint ventures with Western companies, rather than being a passive market.

The European Airbus Industrie consortium is one of the most active players in the Chinese market. Last month it sold 30 aircraft in the A320 family, bringing the total to 60. But at the same time, it has set up a parts warehouse and training center in China, and officials said that by next year it will have 200 employees in China, as many as in the United States.

At the same time, Airbus is the principal partner in a $2 billion project to build the 95-to-125 seat range of AE regional jets. Chinese manufacturers already produce parts for the Airbus A320 range and are expected to be involved in the Airbus A3XX superjumbo project, a 550-seat, long-range airliner.

The superpowers of the aircraft manufacturing industry, the Boeing Co. and Airbus Industrie, agree that the world's airlines will buy some 16,000 aircraft in the next few years, but they do not agree on how the pie will be sliced. Ron Woodard, president of Boeing's aircraft group, summed up his objective at the Farnborough show last year: "I want my two thirds," he said.

Airbus, which now has about one third of the market, says it is determined to capture half.

The struggle between Boeing and Airbus was the most visible aspect of the rivalry between the United States and Europe in virtually every sector of the aerospace industry, including jet fighters, helicopters and missiles.

More than 400 U.S. companies have set up shop at the air show, the largest American contingent in its history. Opening the U.S. pavilion, Donald Bandler, the U.S. chargé d'affaires, rejected European accusations of American hegemony, saying, "Our view is that a rising tide raises all the ships."

The air show coincides with a tectonic shift in the aerospace industry, with Boeing's proposed takeover of McDonnell Douglas Corp.

This will probably be the last air show for MDD, whose F-16 fighter is still one of the biggest attractions at the show, 22 years after its introduction. But the Burbank, California, company was going out with a splash. It continued to rent a lavish pavilion and even hired a dirigible to float over the show grounds.

Another area where rivalry is fierce is the market for commuter and regional aircraft in the 15-to-90 seat range. Regional airlines have produced some of the most spectacular growth in the industry — up 20 percent in 1996 in North America and 13 percent in Europe. Around the world, the average growth in regional traffic last year was 12 percent, compared with 5 percent in the airline industry as a whole.

BOMBARDIER Inc. of Canada forecasts that the market until 2015 will require 8,157 aircraft worth $110 billion, a slightly higher estimate than the 7,500 predicted by Europe's Aero International (Regional) consortium.

At the air show, Bombardier is pitching its De Havilland Dash-8 Turboprop, and a 50-seat Canadair Regional Jet. Bombardier also announced that it will build a 70-seat version of the regional jet by the end of the decade, but AI(R) on Monday put off a decision whether it, too, would build a 70-seat jet.

"Clearly we have yet to convince our shareholders," said Patrick Gavin, president of the group. AI(R) is owned by Aerospatiale of France, Alenia SpA of Italy and British Aerospace.

Bombardier's decision to go ahead with the 70-seat jet is a gamble that the plane will find a market on routes that cannot justify the use of larger aircraft such as the Airbus A320 series or the Boeing 737. But it might compete with the AE regional jet that Airbus is building with China. Mauricio Bothelo, Embraer's chief executive, said he was concerned that the market wasn't big enough for a 70-seat jet and might talk with rivals about a joint venture.

The regional sector is a risky business, as the demise last year of the Dutch Fokker group showed. Other contestants in the market include the Swedish Saab group, Germany's Dornier and Embraer of Brazil. Bombardier and Embraer were reported Monday to be hoping for a large order from American Airlines to be announced here.

Although jets are expected to be the fastest growing segment of the regional market, industry executives said they see a continuing demand for turboprops. "We believe most of the growth will be with the regional jets," said Jean Michel Leonard, AI(R)'s U.S. president. "But we see the worldwide turboprop fleet remaining the same, or it may even see slight growth, which will lead to a sizable replacement market.

Rolls-Royce PLC, which had an embarrassing setback in Asia with its Trent-800 engine for the Airbus A320, had better news to deliver at the air show. It announced Monday that it is increasing deliveries of civil jet engines by 50 percent this year and would boost production a further 15 percent next year. "We don't see a drop-off any time soon," said John Cheffins, managing director of the company's commercial aircraft engines unit.

Despite consolidation in the aircraft industry, Colin Green, managing director of Rolls-Royce Aerospace, said there would continue to be a market for three major manufacturers, along with General Electric and Pratt & Whitney.

He said the oil-feed problem that forced Cathay Pacific and Dragon Airlines to ground their A330 planes briefly had been identified and solved.

BARRY JAMES is on the staff of the International Herald Tribune.

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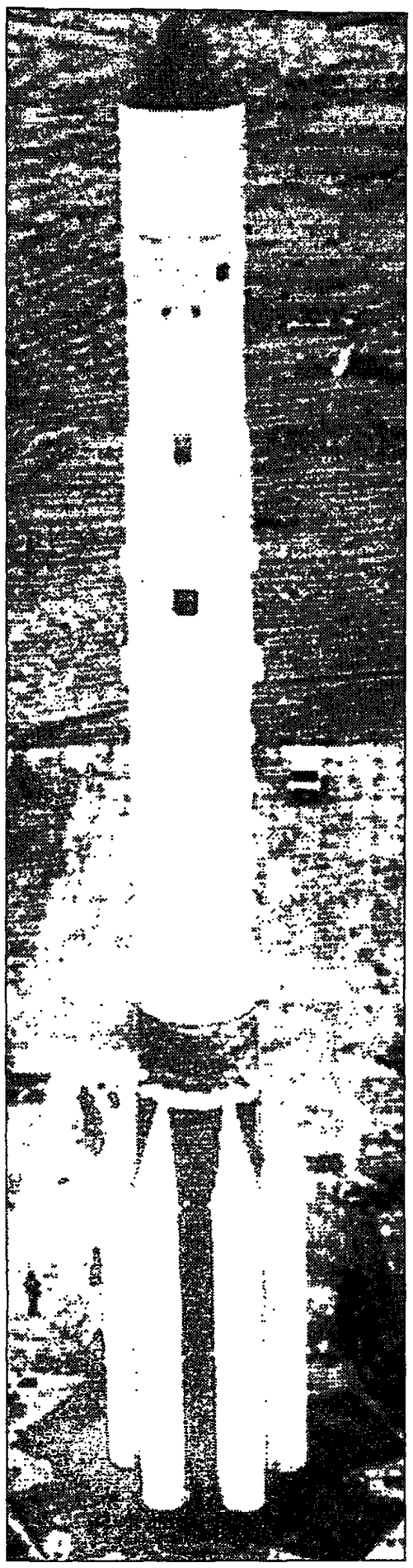
AEROSPACE / A SPECIAL REPORT



Lockheed Martin plans to upgrade its Russian-built Proton launch vehicle, above, as well as its Atlas model.

U.S. Companies Challenge Dominance of Arianespace

By Joseph Fitchett

PARIS — Over the next decade, the commercial space market could double, topping $35 billion compared with the industry's total of $18 billion between 1987 and 1996, analysts say. Some companies are even more bullish: Lockheed Martin foresees the market doubling to $60 billion by 2000.

Despite the industry's smooth trajectory, the launch business is the scene of intensifying competition. The world leader in the field, Arianespace, the European consortium, faces turbulence as new players proliferate and some of them consolidate their positions, notably Lockheed Martin.

The most aggressive challenge for Arianespace comes from Lockheed Martin, which recently reclaimed Loral, a victim of escalating competition. Building on its U.S. core strength, Lockheed Martin has blazed the trail into Russia seeking to capitalize on the rocket science of the former Soviet space industry. Lockheed Martin's investment has already started to pay off: the Russian-designed RD-180 engine, now to be built in the United States, is a key feature of Lockheed Martin's entry in the competition for the Evolved Expendable Launch Vehicle — a U.S. government contract worth $5 billion to be awarded in two years.

Lockheed Martin is one of two finalists for the new launch vehicle that will replace all the existing military and civil launchers. That government-funded rocket can be expected to turn up promptly in the commercial market, one of the first major examples of the open cross-fertilization between military and commercial development in the U.S. aerospace industry.

The other finalist is the company that over the years has probably profited most from the dual use of military and civilian aerospace technology: Boeing, which now incorporates McDonnell Douglas and Rockwell. Boeing has an ambitious but still unproven space product in its Sea Launch company, which will position a launch-pad on a barge on the Equator for optimal lift. Other competitive pressure in the launch business is also coming from China and Japan.

The commercial battle turns increasingly on cost. Arianespace had announced a belt-tightening program when administrative and political changes raised new questions about the immediate outlook for the French-led consortium.

One uncertainty is the approach that will be adopted next month under Arianespace's new boss, Jean-Marie Luton, the former director-general of the European Space Agency. Another key question concerns the priorities of the new Socialist-led government. During his election campaign, Lionel Jospin, the new prime minister, said that jobs were more important than industrial efficiency.

Before these two uncertainties appeared, Arianespace had been expected at least to maintain its level of sales, even if its market share shrank as forecast from 50 percent to 21 percent, according to Euroconsult, the Paris-based market survey about space services. In other words, worldwide orders for space-based communications were expected to keep Arianespace on an even keel, even if its profits were uneven, with U.S. manufacturers widening their lead.

Although Western Europe is a dynamic market, especially for satellite television, total space sales there currently run about $4 billion a year. In the United States, sales are four times that figure, partly due to the $10 billion a year spent in government contracts.

The current buying surge looks cyclical to some analysts, notably Euroconsult. It foresees demand turning down after 2000.

In contrast, Lockheed Martin contends that new technological will boost the market by bringing in more customers as costs decline. It predicts that the cost of satellite transmissions could drop to a tenth of their current levels over the next decade and thereby increase demand strong enough to require 450 satellites in high orbit instead of the current in-orbit population of 200 satellites.

The most important current development is the expanding role of low-orbit satellites. These systems involve up to 60 satellites per network in order to provide superior reception quality (and thus access to new services) and better coverage (hence more subscribers).

But other, less talked about technologies may also spur demand such as "regional mobile systems." Using new forms of antenna, satellites may soon be able to supply satellite phone communications cheap enough to compete with traditional land lines as the basic phone system in areas where population density is too low to make it economical to install traditional phone networks.

In other words, satellite phones could become cheap enough to become the main service in many areas.

Perhaps the most important potential breakthrough involves the unique capability of satellites to provide high-quality data transmission for corporate users who want an end-to-end service that is uniform in performance and not tied down to the lowest common denominator involving the worst stretch in a terrestrial line.

A second new competitive factor is the emergence of new boosters, some of them coming from new entrants in the launch services market. Heavyweight companies all have better models coming into service.

In Europe, Ariane 5 remains unproven, but another trial launch is expected this autumn. Another newcomer is the Zenit 3-SL rocket for Sea Launch, and Boeing McDonnell Douglas will bring out the Delta 3 (as well as a Delta 2 derivative). Lockheed Martin says that it is upgrading its Atlas and Proton launch vehicles.

Some of these models, such as Ariane 5, have had teething problems. More serious technical problems have set back newcomers, especially China's Long March 3. Further off are Japan's H-2A and an Indian booster, which is not expected in the market until 2000.

Potentially more dangerous as new competitors are joint ventures between U.S. and European companies with former Soviet partners.

The company farthest along in these ventures is Lockheed Martin, which has invested in the Russian RD-180 rocket engine as the way to upgrade its Atlas. This month Lockheed Martin announced a partnership with Russia's Intersputnik: the new company, LMI, will build, launch and operate communications satellites.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

European Missile Makers Aim High

PARIS — Missiles will be crucial to the Eurofighter's military capability, and they are also a potential hope for Europe in streamlining its defense industries.

Matra BAe Dynamics is still no match for the U.S. heavyweight formed by the merger among Raytheon, Hughes and Texas Instruments, making it the world's largest defense company.

But the European venture is making the right moves to be a contender.

The new company is a joint venture between two privately owned manufacturers of airborne missiles: Matra, the defense wing of France's Lagardere Group, and British Aerospace, a major defense contractor in Britain. Each already has a solid catalogue of missiles, some in coproduction with other companies, but the two companies seem bent on cross-border teamwork.

Recently, Matra BAe Dynamics bought a 40 percent share of Germany's LFK, the missile-making subsidiary of DASA, Daimler-Benz-Aerospace. French and British executives said that the German stake is likely to rise as Matra BAe Dynamics tries to make it Europe's sole prime contractor in airborne missiles.

So far, the progress is largely on paper. "When they've sold their first missile we'll see about taking them seriously," a U.S. missile manufacturing executive said.

But the linkup with Germany's main missile maker probably guarantees access to the German market for Matra BAe Dynamics, which sees the Luftwaffe's order for missiles to equip the Eurofighter as a critical step toward achieving economies of scale that can make the missile competitive internationally.

Prospects for the new company's success with the Eurofighter were enhanced recently when the British government decided to postpone for a year its order for $1.7 billion in missiles for the Eurofighter.

The extra 12 months could allow time for the German government to finally commit funds to buying the Eurofighter — and decide to help finance the development of the Matra BAe Dynamic missile. In that scenario, the European company would be favored to win the contracts on its home turf despite competition from Raytheon-Hughes.

The United States seems reluctant to buy foreign technology.

Interest in seeing a partly homegrown company succeed has grown even in Britain, where the government has often ignored calls for European solidarity in order to get the best weapon for its money.

But British Aerospace officials and executives were jolted by the outcome last year of competition for a new naval missile to replace the short-range Sidewinder. When Hughes won the contract for the Evolved Sidewinder, it whetted Raytheon's appetite for Hughes and also reinforced impressions in Europe that the U.S. defense establishment is more reluctant than ever to buy technology that is "not invented here."

Even if Matra BAe Dynamics manages to defend its own turf, the key to becoming a global competitor is tied up with the fate of France's other two missile manufacturers, Thomson-CSF and Aerospatiale.

The future of both these state-owned companies became uncertain this month after French parliamentary elections were unexpectedly won by the Socialists, who oppose privatizing the defense sector.

President Jacques Chirac and the previous center-right government had considered privatization as the first step to restructuring the defense sector and preparing it for a leading role in a new Europewide industry featuring single dominant companies in aerospace, nuclear applications, defense electronics, missiles and armored vehicles.

That plan seems bound to be delayed and probably diluted by the new Socialist government.

Meanwhile, Matra BAe Dynamics, with LFT and perhaps soon some smaller European acquisitions, seems likely to take the lead in upcoming programs such as a European ground-attack cruise missile. That would make it Europe's best-performing multinational defense contractor, but still a contender lacking the punch to rock Raytheon-Hughes-TI in global competition.

Joseph Fitchett

It's a Hard Day's Night: An Inside Look Into Life of a 747

By Paul Floren

Eight men can load up a jumbo jet's cargo holds, carrying 32 tons, in 45 minutes.

LONDON — There are only two emotions in a plane: boredom and terror, according to Orson Welles. But pilots, flight attendants, cleaners, loaders and ground staff are usually too busy to dwell on such things as they prepare a jumbo jet for an international flight.

It is 9:05 A.M. and a Virgin Atlantic 747-400 has just arrived at London Heathrow from Newark, New Jersey. Its engines whine to a stop and 420 passengers quickly disembark. I will leave with the plane when it takes off for Los Angeles at 12 P.M., and then return immediately on its return flight to London for a total of 22 hours in the air and 2½ hours on the ground — all in an effort to find out what goes on behind the scenes in organizing a flight such as this.

Only eight men are needed to unload the plane's cargo holds that carry 32 tons. They are able to do this in 15 minutes because the luggage had been loaded onto the plane in special containers. Although loading is more complicated than unloading, it still only takes 45 minutes (and again, only eight men).

Each piece of cargo has code bars placed on it. The bags are put into containers that also have code bars listing the items they contain. All this information is computerized. When the plane arrives in Los Angeles, the ground crew will have a printout of how the cargo has been stowed.

Both the aft cargo hold and the front hold must be loaded at the same time, otherwise the plane may be thrown off balance and its nose lifted off the ground. The cargo's position in the hold is also important for "trim," which allows the plane to fly more efficiently.

For security reasons, Virgin will not fly without making sure that each piece of checked luggage is matched with passengers on board. Each item's location is listed by a central computer system and can be cross-checked with each passenger.

While the bags are being unloaded, a team of about 20 people cleans the plane and replenishes supplies. The entire operation takes 40 to 90 minutes. Maria, a cleaner working on the flight at Heathrow, said that each member of the team is assigned a specific task — vacuuming, disinfecting, replacing reading materials, etc.

At the same time, 131,000 liters (34,000 gallons) of fuel is being pumped into the plane's center and wing tanks by Don, a Royal Dutch Shell employee. They are filled simultaneously to make sure the plane stays balanced. The fuel is delivered from an intricate network of pipelines lying under the tarmac. The fueling procedure takes 1¼ hours.

The plane is also put through a series of basic transit maintenance checks, taking about 2½ hours. Its maintenance schedule is highly regulated. A 747 can only fly so many hours between different maintenance checks.

After 500 flying hours, the plane will undergo an A check that takes 15 hours. Every fourth A check, or 2,000 hours, calls for a more detailed examination lasting about 48 hours. After 15 months, the plane will enter the hangar for extensive work that takes seven days; after five years of flying, it will undergo a major refurbishment taking up to four weeks. The 747-400 has about six million parts that all need to be checked at specific times.

While the plane is on the ground in London, it is watched by a security agent. He will follow it until the walkway is withdrawn and the plane is ready to be pushed back from the gate.

The "pushback" is perhaps one of the most stressful moments before takeoff. A tractor has to maneuver accurately the roughly 396,000 kilograms (870,000 pounds) that a 747-400 weighs.

PUSHBACK begins once clearance is given from ground control, the ground engineer and the plane's captain. The engineer disconnects the plane from ground power and lets the 747's Auxiliary Power Unit take over. A flicker in the lighting of the aircraft is all that the passengers will be aware of during this procedure.

Two wing men and an aft guard guide the driver. While the plane is at the gate and during pushback, its steering is blocked by a special pin attached to a red flag. This makes it impossible for the pilots to drive the plane.

Once the plane has been fully pushed back, the ground engineer will remove the pin and wave goodbye to the cockpit, while showing the red flag. This signals to the pilot that he is now in control of the plane.

The ground engineer also ensures that the pilot has started all engines and verifies that all are operational. Since the pilots can not see the engines from the cockpit, this is an important source of information.

Dave, the pushback driver for this flight, said that he must also provide visual confirmation that the airplane is ready before it begins taxiing to the runway.

From the seat of the tractor, it becomes clear why his job is so stressful. Today he has to slide the 747 back from the gate with two other 747s on either side of it, in addition to the presence of cars and personnel at the gateway. Because the plane has a very narrow turn ratio, he must avoid turning too abruptly. In the worst-case scenario, the back wheels of the plane could bend and break.

The plane is under ground control until it reaches the end of the runway. Then, it is told to change radio frequencies and is given clearance for takeoff from air traffic control.

Meanwhile, inside the plane, the flight crew checks that hand luggage is stowed and makes final safety checks of doors and emergency systems. The cockpit communicates with the cabin crew by a series of chimes that passengers hear throughout the flight.

There are 10 flight attendants for economy and six for upper class on today's flight, plus Darren Avery, the flight supervisor.

Among their principal activities will be the preparation of the half ton of food supplies and more than 50,000 in-flight service items that are needed on a trans-Atlantic flight.

On today's 11 hour and 50 minute flight to Los Angeles, there will be two meal services.

The attendants must also check the plane's 14 toilets — 10 in economy for 337 passengers, 2 in upper class for 48 passengers and 2 on the top deck for the 36 premium economy/upper class.

At 12 P.M., the plane takes off at a speed of 180 knots (about 200 miles an hour). The captain and his two copilots settle into a routine that alternates work and repose.

The plane has six computer screens, giving information on the position, speed, altitude and the functioning of the plane. The systems also give early warning of possible failures and track other aircraft. Every system has a backup analog device that provides the same information in case of computer failure.

The flight's pilot, Captain Graham Ellison, 34, said, "flying an airplane is a highly information dependent task."

The computers can perform almost all flight operations, even land the plane. But Captain Ellison noted that, since pilots enjoy flying, it is rare that the autopilot is used for landing. It is only where there are tricky landing conditions, such as fog, that it is routinely used.

DOES that mean the computer is better at landing the plane than the pilot? Captain Ellison will only reply that it is excellent at landing. However, throughout the flight the autopilot is used extensively. The pilot decides when the computer should fly the plane. He can shut down all automatics immediately and fly the plane manually.

During the flight, the pilots take turns monitoring the plane's progress. (They can nap in a cabin next to the cockpit that has two bunk beds.)

It is 2:30 P.M. local time and we are on our final approach to Los Angeles. The pilot has taken over from the autopilot while the crew adjusts, monitors and executes instructions from the air traffic controllers.

One of the most important jobs on approach is to watch for conflicting traffic, a difficult task at busy airports like Los Angeles.

The plane lands at precisely 187 knots. The pilot is guided by a computer that counts down verbally the last few feet: 40, 30, 20, 10 beeps the voice. The faster the voice spits out the numbers, the bumpier the landing.

Once on the ground, the plane is stopped three ways. The main brakes are the tires followed by the reverse thrusters (the jet engines put into reverse) and the speed brakes (flaps on the wings that stand up to make air resistance).

Before all the passengers have debarked, much of the cargo is already off the plane. Outside, the army of cleaners and maintenance personnel is waiting to come on board. It will take 18 people 50 minutes to clean and replenish supplies.

Since I will have the same seat going back, as a test I jammed several pieces of paper under the seat and tore some pages from the inflight magazine. When I got back on board, the paper had been removed and the magazine replaced.

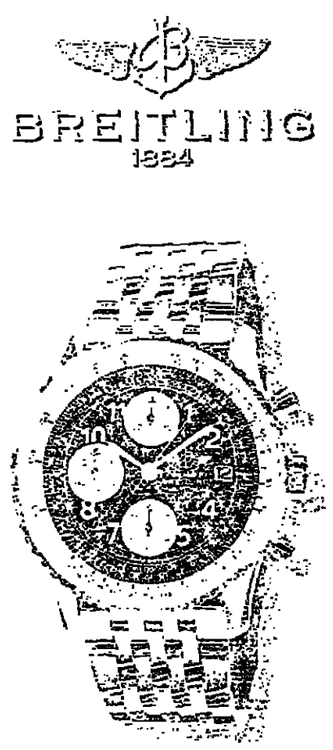
Meanwhile, cargo and baggage is being loaded and the mechanics are checking the log books and performing maintenance on the plane.

Inside the terminal, a new crew is preparing their flight plan, sent from London, and checking weather conditions.

At 5:30 P.M., less then 2½ hours after touchdown, I take off again. I will land 10 hours later, at 12:20 P.M., in London.

Boredom and terror? For me, more burned out and tired.

PAUL FLOREN is on the staff of the International Herald Tribune.



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AEROSPACE / A SPECIAL REPORT

From Bottom to Top of Political Agenda, Eurofighter May Finally Fly

By Joseph Fitchett

PARIS — The Eurofighter, whose development has been dogged by political infighting, now at last seems set to fly — thanks to politics.

British Aerospace executives appear confident of getting orders for more than 200 Eurofighters for the Royal Air Force — even if Bonn fails to come up with the money for the Luftwaffe's planned purchase of 180 planes — after the joint project got an apparently decisive push from Britain's new Labour government.

Prime Minister Tony Blair lobbied hard for the project in his initial meetings with Chancellor Helmut Kohl, who now has to reckon with the consequences of seeing Britain go it alone, and perhaps seeing Germany in a few years' time place orders with Britain for a plane that German factories lost the chance to produce.

While unlikely to attract customers outside Europe, the Eurofighter can expect sales exceeding 50 billion Deutsche marks ($29 billion) in the producing countries. That prospect makes the Eurofighter a compelling industrial project, especially in terms of jobs.

To both politicians and aerospace executives, the program looks irreplaceable in an industrial sector that British Aerospace does not want to lose and that DASA, Daimler-Benz Aerospace, wants to develop.

As is often the case with defense projects whose development is strung out over a decade by politics, there seems to be no palatable alternative after so much investment.

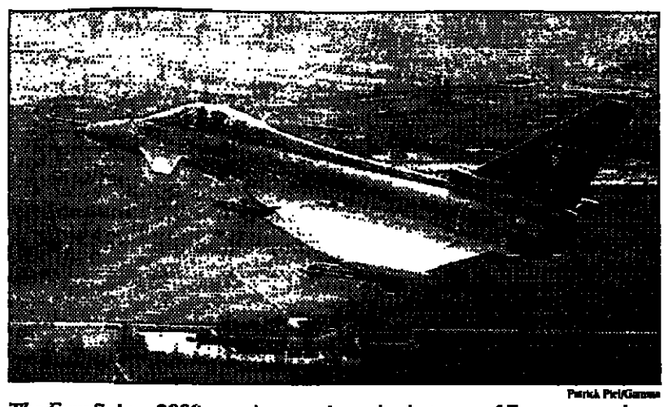
Paradoxically, similar industrial imperatives could have a different impact in France, which may cut back its plans for Rafale, the multirole fighter developed by Dassault.

Rafale, like the Eurofighter, seems certain to be built, at least in a naval version. Without it, France's new aircraft carrier, the Charles de Gaulle, would be "an expensive joke," a French industrialist said.

But France's new Socialist government has already let it be known that it intends to conduct a full-scale review of the Rafale program to examine its cost and its military necessity — and by extension the question of whether France can afford it.

The Socialists could probably afford the luxury of cutting or stretching out the Rafale program because France is so well endowed in this sector. Dassault's design teams and assembly lines could be kept busy turning out its current top-line fighter, the Mirage 2000-5.

It is a cruel irony for President Jacques Chirac, who had planned to announce the merger and privatization of Dassault and the state-owned Aerospatiale at the Paris Air Show.



Patrick Piel/Gamma

The Eurofighter 2000 remains a major prize in terms of European orders.

That was to be the opening move in a radical restructuring of the aviation industry that would have put France in a position to seize leadership in a future Europewide venture.

That restructuring has been delayed because the new French government opposes the privatization of Aerospatiale, a stance that has revived Dassault's opposition to the merger.

Even if Paris can count on the air force continuing to fly French-made combat aircraft well into the next century, Britain and Germany both need a new warplane starting in 2001 to replace those nearing the end of their service lives.

Although the Eurofighter is no match for new U.S. warplanes in stealth, air combat agility or night fighting and all-weather capabilities, it promises to be a more than adequate platform to carry sophisticated electronics and weaponry to meet any foreseeable threat.

Buying off the shelf, if it ever was an option, seems impossible now, even from the United States. Leaving aside the next generation Joint Strike Fighter, the F-22 coming on line is too expensive — it is twice as much as the estimated $55 million price for a Eurofighter. An affordable U.S. option would be the upgraded F-18, but it is the same technological vintage as the Tornado aircraft which will start being phased out of European arsenals.

OTHER airplanes pose different problems. Sweden's Gripen is too small; Russia's Sukhoi-27 would be politically unreliable and uneconomic in terms of life-cycle costs. Even the Rafale, which appears to be slightly more advanced than the Eurofighter, particularly in terms of stealth, lacks the power and punch sought by Britain in its next multirole fighter.

At this stage, there are other factors, too, that make it politically risky for Germany to pull the plug on the Eurofighter. Such a move would jeopardize the outlook for closer cooperation with Britain especially as British Aerospace has recently emerged as possibly the only viable European partner for DASA if France's state-owned Aerospatiale cuts back its participation in Airbus and is not privatized.

Business prospects also count. The other two contractors in the Eurofighter, mainly as component suppliers, are Spain's CASA and Italy's Alenia. That industrial participation has opened the door for Eurofighter orders from Italy and Spain.

So, even though the Eurofighter seems unlikely to win export orders, it remains a major industrial prize in terms of European orders. If Germany decided to delay its commitment, British Aerospace would emerge as the sole prime contractor, with prospects for substantial and profitable sales in Europe.

Of course, that long view could be neglected by politicians concerned with here-and-now realities. The Eurofighter's potential nemesis in Bonn is Finance Minister Theo Waigel, who has battled the plane's rising costs in order to protect the budget of a cash-strapped government.

But cancellation of Germany's order would trigger massive layoffs in DASA's principal military plants, which are concentrated in Bavaria, the electoral territory and power base of Mr. Waigel. Politics may have impeded Eurofighter's development, but now they seem likely to guarantee its takeoff.

Startup Airlines Scramble to Fill East Europe's Demand for Local Service

By Peter S. Green

PRAGUE — Don't miss the 6:05 A.M. flight if you want to get to the Slovak capital, Bratislava, from Kosice, Slovakia's second city and its industrial center. There won't be another plane until tomorrow. And if you want to go from Kishinev, the capital of Moldova, to Prague, you might be better off connecting through Moscow, a 1,600-kilometer detour.

As the economies of the former Communist states in Central and Eastern Europe take off, so has demand for air travel. But getting around the region, or even getting out of its smaller cities, isn't easy.

Where once the region's capitals were linked by daily nonstop flights, with some routes like Prague-Sofia served twice a day or more, the end of cheap Soviet fuel and the arrival of market economics have cut these flights drastically.

The state-owned flag carriers will no longer subsidize money-losing domestic routes. Even the capitals have more direct flights to London, Vienna or Frankfurt than they do to eastern destinations.

But as incomes grow and trade links strengthen with the provinces, demand is rising for Western-style commuter service beyond the capital cities.

Across the region, passenger traffic is up about 15 percent. To meet the challenge, a number of small regional airlines have started up, and industry experts say the prospects for further growth are impressive.

"When you look at air travel in the European Union, it's about two passengers per inhabitant. In Central Europe it's about .15 on average, though in some countries, like the Czech Republic, it's .4," said Frederik Sorensen, director of the air policy unit at the European Commission in Brussels.

With small markets, industry experts say the premium will be on frequent flights with small aircraft often holding just 20 to 35 passengers, rather than fewer flights with larger aircraft.

"A lot of businessmen won't wait until the afternoon. If you don't have a morning flight, they'll fly with someone else. And there are a lot of destinations in Poland whose market potential is not enough for big aircraft," said Jacek Tomaszewski, chief of strategic planning at LOT, the Polish airline.

Graeme Smith, director of European sales for British Aerospace's small turboprop planes, sees three potential hubs for small turboprop operations in Central and Eastern Europe — Warsaw, where BAe is talking with LOT about using its planes and expertise to set up EuroLot, a new regional airline; Budapest and Belgrade.

Budapest could draw passengers from as far away as southern Poland, western Ukraine and Romania.

Belgrade could fly passengers from Romania, Bulgaria and Yugoslavia to Italy, Austria and even southern Germany and the Czech Republic. "At the moment we are not seeking to do business there, it's merely an aspiration," Mr. Smith added.

Another question for regional airlines is airport capacity. The Warsaw Pact dotted Central Europe with military airfields but few of these are near large cities. And most of the civilian airports in the region are very close to city centers. Prague, Budapest and Warsaw have recently added new terminals, but even Prague's, which opened this month, could run out of capacity by 2005 if air traffic keeps growing.

The fight for dominance in the region will be a three-way battle, with national flag carriers moving to set up their own regional airlines, primarily as feeders for their international flights, small local startups that will link regional cities both to one another and to capital cities, and foreign-based regional airlines that will seek to siphon off feeder traffic to West European airlines.

Eurowings, a German-owned airline, already flies from Gdansk, Poland, to several German destinations, and SAS links Poland's Baltic coast with Scandinavia.

Tatra Air, Slovakia's only scheduled carrier, flies three Saab 340-B 35-seat turboprops. One of its most popular destinations is Zurich, where it connects with Swissair's international routes.

"Who wins will depend very much on how they go about it," said Mr. Sorensen. "If the locally owned airlines can operate at the same technical and safety standards as their Western competitors, then they do have a competitive advantage."

Mr. Sorensen said EU officials expect to complete next month a report on the safety and technical standards of key airports in 10 Central and East European cities. He said the EU would then use a special development fund for the region to help improve any troublespots.

Jean Charles Bemberg, a board member of Tatra Air, says the free market will be the best guarantee that local airlines meet international safety standards.

"In Central Europe and the Baltic states, security is very high. Everyone knows that a single mishap would kill the whole airline," said Mr. Bemberg.

The breakup of the Soviet Union, Yugoslavia and Czechoslovakia has opened markets in countries that had no airline of their own, but often, said Mr. Bemberg, these markets must be approached with caution.

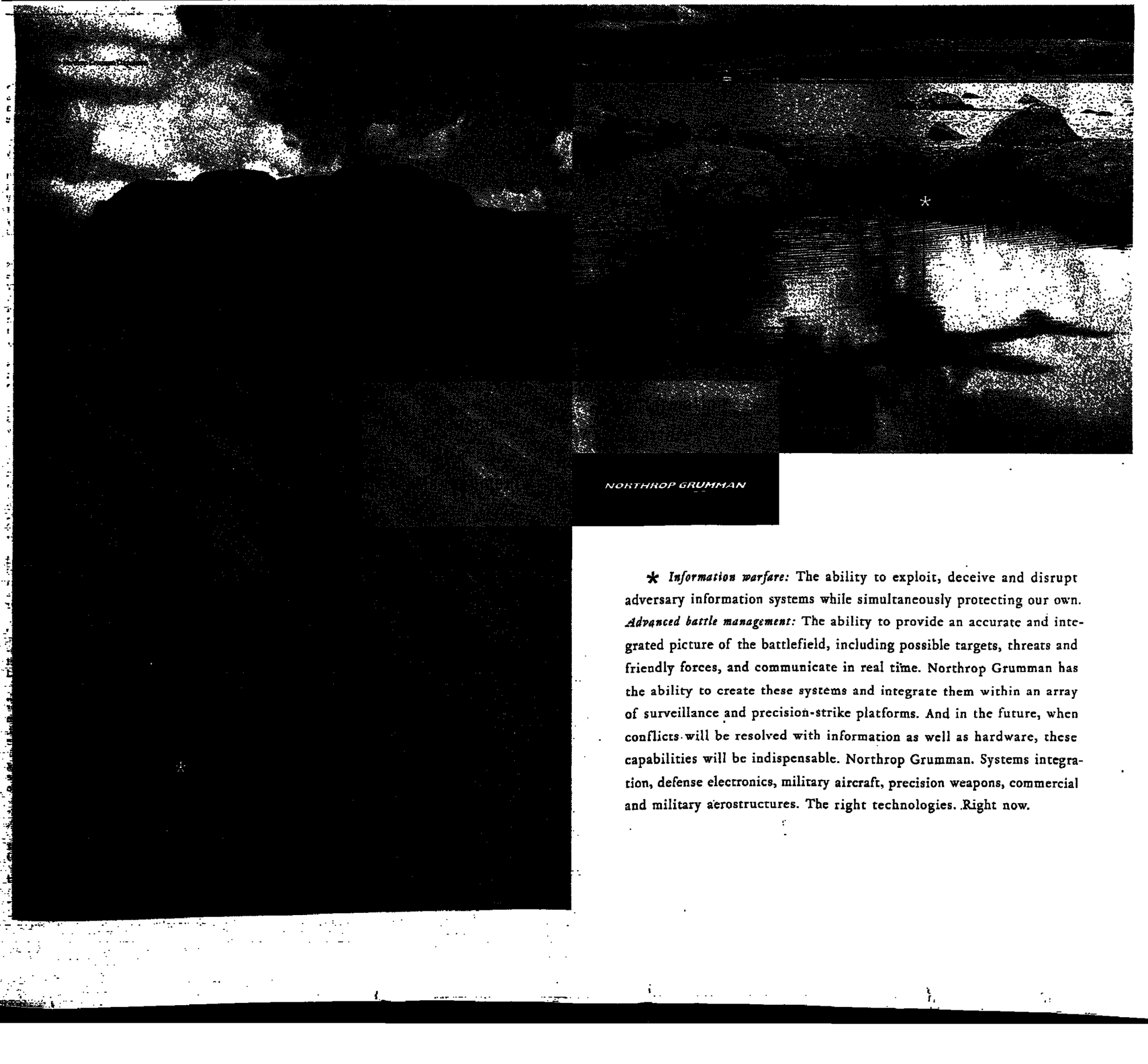
"The first goal must be to establish a regional business. These new countries are too small to have real domestic airlines. The future for Tatra Air is to be a major regional player. We don't need a big fleet, just the best connections with the east."

He said that Tatra is now studying ways to link routes with a Moldovan airline and is hoping to do the same with EuroLot, the proposed venture of LOT to create a regional airline in Poland. Such a venture would extend to shared maintenance facilities, spare parts inventories, reservations systems and even joint marketing and sales.

Then the new regional lines can capitalize on two markets: carrying business passengers from provincial cities both to other provincial cities and to regional capitals, and feeding the international airlines with a steady stream of provincial customers.

"There are no easy connections in the East. This is the market, not to compete with British Airways to London, but to expand locally, to increase your catchment area," Mr. Bemberg said.

PETER S. GREEN covers Central and Eastern Europe for the International Herald Tribune.



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Designing Students: British Schools Target the Globe

From left: Fashions from Henry Hilsky, St. Martins; Sean McGowan, RCA; Wayne Pinnock, RCA; A. Scott Henshall, Newcastle; Anne Louise Roswald, St. Martins; Julia Greenwood, St. Martins, and Sarah Turnel, Croydon.

Photographs by Mount/Howard

By Suzy Menkes
International Herald Tribune

LONDON — Three factors have brought British student shows to center stage: the country's booming economy that is reflected in exuberant, colorful clothes; the cross-cultural mix of the fashion schools, where Asians are now playing a significant role, and the illustrious alumni who have taken design talent across the globe.

Now that Paris fashion has picked up on British designers to blow the dust off establishment houses, the world's talent scouts have redoubled their efforts to find in London the next big thing.

"I wanted to come and see what's happening — London is really hot," said Simon Burstein of Sonia Rykiel, who came over from Paris for the Royal College of Art show. Like Rosita Missoni, who came from Italy, he was surveying the work of graduate students who are often snapped up before they are even on the job market. According to the RCA, 97.4 percent of the 1996 graduates are currently employed.

The RCA's Sean McGowan, who showed a graphic and theatrical collection in red, black and white, is off to Paris to join Karl Lagerfeld; while the vividly colored, African-inspired menswear of Wayne Pinnock has won him a place with Gianfranco Ferre in Milan.

And forget any idea of students showing eccentric ideas in a back room. The RCA holds an annual gala dinner to launch its graduates. And a joint showcase for 21 college shows was created thanks to major sponsorship by Bhs, a mainstream chain that is part of the Storehouse group.

The Bhs Graduate Fashion Week last week was a professional display of art and technique that took place in a tented area overlooking the Thames outside the Royal Festival Hall. Thirty-one colleges staged multimedia displays, including the vital student portfolios.

"After two minutes of glory on the runway, the only thing a student has left is the portfolio," said Julius Schofield of Indesign, a recruitment agency.

The Bhs graduate catwalk shows gave energy and vitality to the students' work: Mad Hatter teacups balanced on the head to enhance the flocked Wedgwood patterns on jeans from A. Scott Henshall of Newcastle; an unfurling collar printed with Oriental motifs from Kazou Lai of Central St. Martins, and the Tahitian-inspired dresses, the models balanced on Chinese clogs, from Julia Greenwood of St. Martins.

The Collection of the Year award went to Henry Hilsky, who came from his native Germany to the London College of Fashion and then St. Martins and produced a vibrant and beautifully executed Japanese-inspired collection of patterns on square-cut silhouettes. He is being courted by the French house Kenzo.

Central St. Martins has a special aura because of the hype surrounding the recent high-profile appointments of its alumni John Galliano, Alexander McQueen and Stella McCartney to Dior, Givenchy and Chloe in Paris.

"One of our missions is to be international," says Jane Rapley, dean of fashion and textiles at St. Martins. "We get a mix of all sorts of backgrounds and nationalities. We are often criticized for being too big, but our numbers [92 graduates in 1997] give us real breadth."

Each student year tends to follow a fashion star and this season it was McQueen and his mix of precise cutting and sinister accessories. The modernist graphism of the British designer Hussein Chalayan was also influential.

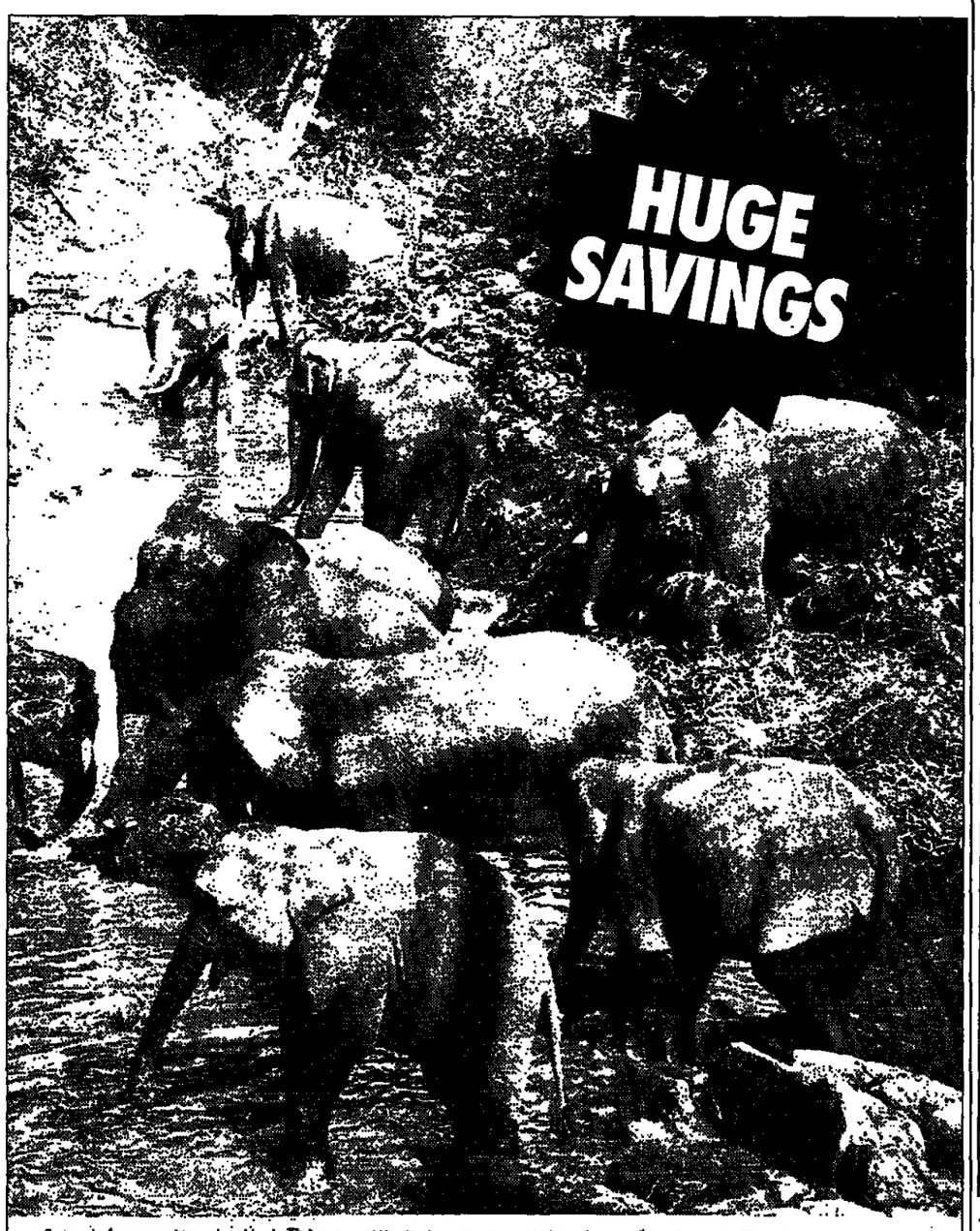
But the overriding impression of the shows is how bankable the students seem, with well-executed clothes, rather than just wild creativity. Significantly, at a time when silhouettes are simple, textiles played an important role, with textile and knitwear students often producing exciting collections, like the brightly colored knits from Winchester menswear student Phong Pham, the curving color blocks from Nottingham's Ann Palmer, and lacy knits of Brighton's Emma Moloney, in the style of Missoni, another strong influence.

"We took our first RCA students in 1976 and others from St. Martins," Rosita Missoni says. "For them it is a very interesting experience, even if it is only for six months, because they see the whole production from raw yarn to weaving."

Why would a student be plucked from the mass? Eric Wright, the executive creative director of Karl Lagerfeld, said that McGowan had been picked by Lagerfeld at an early stage, because of his imagination and technical skills and that he had already done an internship in Paris.

"Sean has an incredible eye and personality, he is precise in cutting and has a sense of proportion," Wright says.

Star designers may go abroad to famous fashion houses, but graduates are also absorbed into British design studios. This feeding of the home turf is the mission of Keith Edelman, CEO of Storehouse. "This industry has lived for years without re-inventing its core base," he said. "Design is a very important part of keeping our industry on top of the world scene."



Savings don't come any bigger than this: the Thai elephant. Over the last 30 years their numbers have plummeted. It's now officially endangered.

Many have been forced onto the streets of Bangkok. Thai Airways International is helping by opening a sanctuary and rescuing these animals. You can win one together with a trip, for you and a friend, to Thailand.

The competition is free to enter: just fill in the coupon. But please, make a donation, if you can. It's time to take the elephants from the concrete jungle and return them to the real jungle.

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_____ Tel._____ Fax_____

I would like to donate (amount)_____ (cheque payable to Thai Jumbo Village Foundation).

Charge my ☐ Amex ☐ Diners Club ☐ Visa ☐ Mastercard Card No:_____

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THAI'S JUMBO VILLAGE

SAVE THE THAI ELEPHANTS

Herald Tribune

Thai

In Fashion Chess, More New Moves

By Suzy Menkes
International Herald Tribune

PARIS — In one of yet another series of strategic moves on high fashion's chess board, Narciso Rodriguez, the Cuban-American designer of Carolyn Bessette Kennedy's wedding gown, has joined Loewe — the Spanish leather goods company that was acquired by luxury group Moet Hennessy Louis Vuitton (LVMH) in 1996.

Also making his debut that season for Balmain will be Andrew Gn, a Singapore-born London-trained designer who makes sleek, modern sportswear under his Paris label. He will take over Balmain ready-to-wear while Oscar de la Renta remains at haute couture.

Rodriguez, 36, reached at Loewe's Madrid headquarters, said: "I'm so thrilled — it's a perfect marriage, it was such a natural for them and for me." Rodriguez was referring to the Latino connection. The designer, who was trained by Calvin Klein and did two seasons with Cerruti, as well as designing Tse cashmere, will show his first collection in March 1998.

The move is part of the ongoing strategy of LVMH to beef up its creative input. The changes at Loewe follow a similar pattern to the arrival of American designer Marc Jacobs as design director of Louis Vuitton.

Christopher Moore

Narciso Rodriguez has joined LVMH's Loewe.

"We have no fashion history or aesthetic, we are a small industrial company," said Gerald Mazzalovo, president of Loewe, which was founded in 1846 as a leather supplier to the royal court. He said that he believed that Rodriguez could express Spanish culture in a modern and contemporary way, as "baroque minimalism."

Gn is slated to take over Balmain after the arrival of Georgina Brandolini, who, in another significant appointment, will become the general manager and business partner to Alain Hivelin, the house's president.

Neither Brandolini, who is part of the Agnelli clan, nor Gn wished to comment on their appointments until the news is made official in July, after the couture collections.

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Tang and Rhodes Honored

International Herald Tribune

LONDON — David Tang, the cultured and dynamic Hong Kong entrepreneur with a mission to establish his Shanghai Tang as China's first international brand, was made an Officer of the Order of the British Empire for community service in the last honors bestowed by Queen Elizabeth II before Hong Kong reverts to China on July 1.

Tang, 42, was the speaker Monday at a Cosmetic Executive Women meeting in London. He spoke of the need for China to reach back to its Confucian roots and said he aimed to bring Chinese style with a modern spin to his stores, which will include a Madison Avenue shop in the fall.

"No matter what people say about China and Hong Kong going back to Asian values, recent history has shown that it's going to be the other way round," he said. "Unfortunately, China is going to go into the next millennium with a great deal of Western baggage."

Tang, who was born in Hong Kong but educated in Cambridge and at London University, is a director of 21 companies, including the socially high-profile China Clubs in Beijing and Hong Kong.

• Zandra Rhodes, the distinguished fashion and textile designer, was made a Commander of the Order of the British Empire in the Queen's Birthday Honors. Rhodes is currently putting together a fashion museum in London.

Suzy Menkes

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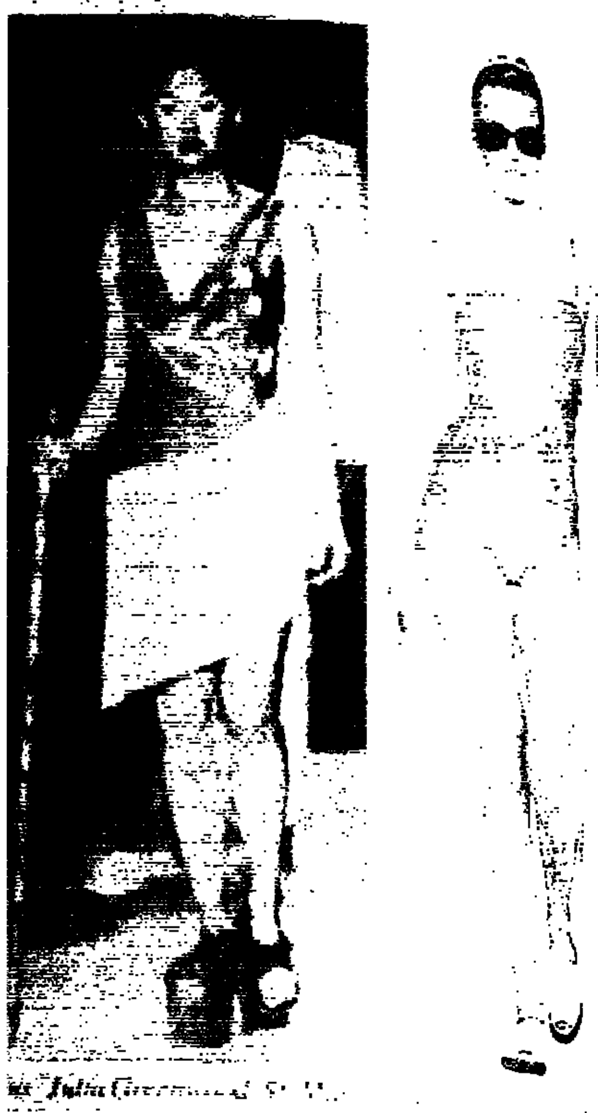

Tang and Rhodes Honored

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NEW COLLECTION
SPRING-SUMMER
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Marie-Martine
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Herald Tribune INTERNATIONAL

BUSINESS/FINANCE

TUESDAY, JUNE 17, 1997

هكذا من الأصل

Even at No. 1, Compaq Aims to Stay on Its Toes

PC Maker's Old Troubles Are Fresh Memories

By Laurence Zuckerman
New York Times Service

HOUSTON — Why is Compaq Computer Corp., the world's No. 1 personal-computer maker, acting like a company on the ropes?

Because as much as Eckhard Pfeiffer, Compaq's chief executive, is focused on pushing his company into the future, he is haunted by its past. Nearly six years ago, he was swept into the corner office at Compaq's leafy campus here after directors dismissed the company's founder, Rod Canion, who had made the mistake of allowing the company's personal computers to be undercut by cheaper competitors.

Within a year, the German-born Mr. Pfeiffer, who had made his name as the head of Compaq's European operations, revived the company's fortunes by drastically lowering its prices. The ensuing price war drove many smaller rivals out of business and helped propel Compaq from fifth place in the market, with $3 billion in sales in 1991, to pass International Business Machines Corp. as the top PC maker in 1994 and to end last year with sales of $18.1 billion.

Today, Compaq is on top and profitable, its stock recently hit an all-time high, and its balance sheet shows nearly $5 billion in cash and no debt. And yet…

"One thing that stuck in my mind from back in 1991," Mr. Pfeiffer recalled recently, "was, people kept asking me, 'What are you going to do to not be surprised again?' " Now, anticipating a fundamental shift in the industry, Mr. Pfeiffer is again remaking the company. This time, he hopes to fend off a mounting threat from personal-computer makers such as Dell Computer Corp. and Gateway 2000 Inc. that could undercut Compaq and are growing faster by selling made-to-order PCs directly to customers.

But even as he plans to compete more aggressively with these rivals, Mr. Pfeiffer wants to make Compaq more than just a PC supplier by turning it into a full-fledged computer company.

He recently ordered his reconstituted management team to more than double Compaq's annual sales to $40 billion by the end of the decade, which would allow it to leapfrog NEC Corp. and Hewlett-Packard Co. to become the world's third-largest computer company of any kind, behind only IBM and Fujitsu Ltd.

Compaq's moves appear to be heralding yet another round of price cuts. IBM and Hewlett-Packard have said they would follow Compaq's lead in matching or beating the lower prices now offered by Dell and Gateway. That would be good news for businesses and consumers. But it would put new pressure on the direct sellers while perhaps forcing weaker manufacturers to sell out or fold, as happened in the last price war.

"We expect this action will drive

See COMPAQ, Page 16

E. Carter Smith/The New York Times

Compaq's chief executive, Eckhard Pfeiffer, is remaking the company.

NatWest Announces Investing-Unit Troubles

Citing Poor Earnings, Chief to Resign

By Erik Ipsen
International Herald Tribune

LONDON — National Westminster Bank PLC warned Monday of a major disappointment in the earnings of its struggling investment-banking unit and said that the unit's head, Martin Owen, would resign immediately.

The announcement raised concern about the efforts of many large commercial banks in recent years to expand into supposedly lucrative realms such as mergers and acquisitions and bond and stock underwriting.

"I think this is a prelude to a significant downsizing of NatWest Markets' operations and ambitions," said Peter Thorn, an analyst at Paribas Capital Markets. Others said they expected a similar fate to befall BZW, the investment-banking arm of NatWest's rival, Barclays Bank.

While senior British bankers are finding the joys of owning an investment bank increasingly slim, in the United States the tide is running in the opposite direction. In the past two months, both Bankers Trust Co. and BankAmerica Corp. have splashed out hundreds of millions of dollars, buying Alex. Brown Inc. and Robertson, Stephens & Co.

A flurry of such deals follows the easing of decades-old rules in the United States that barred commercial banks from investment-banking activities. Non-U.S. banks also seem to believe that there are rich pickings on Wall Street. Last month, for instance, Swiss Bank Corp. said it would purchase the venerable Wall Street firm of Dillon, Read & Co. for $600 million.

What NatWest and Barclays demonstrate is that even in the middle of one of the longest bull markets ever, investment banking can still be risky, with only the strongest making good money. Mr. Thorn said that in Britain, commercial banks now boasted returns on equity in the range of 25 percent to 30 percent, compared with 10 percent to 12 percent at NatWest Capital Markets.

In making the announcement, NatWest's chief executive, Derek Wanless, talked about the need to get an "acceptable" return for the £2 billion ($3.26 billion) in equity that the bank had invested in its capital markets arm. The investments include the purchase of mergers-and-acquisitions boutiques in Britain and the United States, an American bond-trading house and a British fund manager.

Until February, Mr. Wanless's plans to forge a global investment-banking powerhouse seemed on course, as the concern posted pretax profit of £462 million for 1996. But two days after that figure was announced came news of a £77 million deficit, the result of an error by a trader who for three years had logged the wrong price for his interest-rate options.

Even without that charge, though, the bank warned Monday that the capital markets operation's earnings in the first half of the year would fall well short of the comparable period last year. NatWest's shares closed at 755 pence, down 43.

Airbus Partners Say U.S. Aid to Boeing Violates 1992 Accord on Subsidies

By Barry James
International Herald Tribune

PARIS — European government ministers accused the United States on Monday of aiding its aerospace industry indirectly through grants for military and space research, reopening a long-standing debate about hidden subsidies.

The issue came to a head with Boeing Co.'s planned $13.7 billion takeover of McDonnell Douglas Corp., giving it access to McDonnell's research contracts with the Pentagon and the National Aeronautics and Space Administration.

A senior executive at Aerospatiale of France, pointing out that aircraft manufacturing is highly cyclical, said Boeing's acquisition of a major defense contractor would enable it to weather troughs in its civilian business. Airbus Industrie, the European consortium that is Boeing's only rival for planes larger than 100 seats, has no such cushion.

Ministers from the four countries in the consortium — France, Germany, Britain and Spain — met at the Paris Air Show on Monday to discuss future aerospace cooperation.

The ministers called for a stricter application of the 1992 agreement between the European Union and the United States governing subsidies in the aircraft industry. The agreement limited indirect subsidies, including research grants, to 3 percent of a manufacturer's revenue.

"We want the 1992 agreement to be implemented without omissions or distortions," said Guenter Rexrodt, Germany's economy minister.

European aerospace officials say the 1992 agreement could work against Airbus as it seeks funding to build a 550-seat superjumbo jet to break Boeing's monopoly on aircraft with more than 400 seats.

Jean Pierson, the president of Airbus, said earlier that development costs for the plane, the A3XX, could top $9 billion. But the 1992 agreement limits the amount of aid that governments can provide for new aircraft to 33 percent of the total cost. This would make it imperative for Airbus to seek partnerships to develop and build the plane.

Mr. Pierson has accused Boeing of trying to destroy Airbus with the complicity of the United States.

His opposite number at Boeing's commercial aircraft group, Ron Woodard, replied by saying that trade friction between America and Europe could end up hurting many people on both sides. He pointed out that Boeing had long-standing contracts with hundreds of European suppliers.

Thinking Ahead /Commentary

What the Bear Can Bring to the Table

By Reginald Dale
International Herald Tribune

WASHINGTON — President Boris Yeltsin of Russia might unwittingly do the leaders of the Group of Seven industrial nations a big favor by attending their annual summit meeting this week in Denver. The best contribution Mr. Yeltsin could make to the proceedings — simply by being there — would be to spur the leaders of the West and Japan to re-examine the purpose of these increasingly sterile and pretentious yearly rituals.

Mr. Yeltsin has attended parts of G-7 summit sessions before. But this time he will participate in so much of the meeting that President Bill Clinton has dubbed it the Summit of the Eight — even though the Group of Seven, composed of Britain, Canada, France, Germany, Italy, Japan and the United States, continues to exist.

The problem is that the G-7 members seem to have given little thought to the big changes that Russia's inclusion will inevitably make to their cozy club and to the consequences for the future of top-level decision-making by the West and Japan.

It is not as if the existing members had got together and decided that Mr. Yeltsin's greater participation would make their talks more relevant and productive.

On the contrary, Russia's presence is superfluous during most G-7 discussions — for example, on exchange rates or international trade policy — and in some areas, such as Western and Japanese strategy toward China and Iran, it is likely to be positively harmful.

The Russian chair has been added because the leading Western nations felt that a seat at the G-7 top table was a price worth paying to promote democracy in Russia and to help buy Mr. Yeltsin's grudging support for the eastward expansion of the North Atlantic Treaty Organization.

It is a card they may come to regret playing so early in Russia's still uncertain progress toward free-market democracy — especially if Mr. Yeltsin were to be followed by a Russian leader much less sympathetic to the West.

Even a friendly Russian leader such as Mr. Yeltsin is clearly the odd man in this company. Russia meets neither the economic nor the political qualifications for G-7 membership.

The annual summit meetings are intended to allow leaders of like-minded industrial democracies to talk informally about world economic, social and political problems and work out a common approach among friends. The G-7 countries are linked by a network of similar values and global interests, and close economic, commercial and financial bonds, to which Russia does not belong.

It is pointless to denounce the existing club as "unrepresentative" of the world at large, as some critics do. The G-7 was never meant to be a fledgling world government.

If other emerging powers, such as China, India or Brazil, were one day admitted to the summit meetings, something like the G-7 would still have to exist to permit the West and Japan to coordinate their policies.

The G-7's problems lie elsewhere. The annual summit meetings have lost their sense of direction. They have become over-rehearsed photo opportunities that are lamentably failing to tackle the pressing issues of a world undergoing the biggest changes since the Industrial Revolution.

Those issues include how to deal with mounting opposition to free trade in most of the advanced industrial countries and with the potentially disruptive political reactions to globalization.

In Denver, the leaders should be trying to narrow their differences over the future economic and political map of Europe, policy toward China, economic sanctions against "rogue states" and Europe's planned common currency, the euro.

But they should also try to find a way to imbue their future meetings with a sense of inspirational leadership, rather than the atmosphere of a traveling circus — and they urgently need to figure out how to handle Mr. Yeltsin.

CURRENCY & INTEREST RATES

Cross Rates

June 16

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9485	3.188	1.1248	0.3335	0.1146*	—	5.4505*	1.3509	1.7149*	1.409	1.3315*
Brussels	35.705	58.4	20.6385	6.116	2.1033*	18.352	—	24.785	0.3151	25.85	24.4675*
Frankfurt	1.7305	2.8347	—	0.2963	0.102*	0.8891	4.8465*	1.206	1.5197*	1.2579	1.184*
London (a)	1.6383	—	2.8335	9.5554	2,781.42	3.1869	58.4546	2.3507	185.882	2.2631	239.3311
Madrid	146.274	239.334	84.478	25.005	8.611*	75.112	4.0933	101.389	128.48*	106.149	—
Milan	1,702.85	2,785.80	981.55	291.60	—	873.35	47.517	1,180.80	14.94	1,226.45	11.618
New York (b)	—	1.6366	1.7215	5.834	1,701.80	1.9473	35.48	1.425	113.40	1.3868	146.255
Paris	5.845	9.5625	3.3257	—	0.3421*	3.0085	0.1636	4.0515	5.134*	4.2407	3.9965*
Tokyo	114.75	187.42	66.31	19.98	0.674	58.79	3.2835	79.55	—	82.15	0.7827
Toronto	1.3864	2.2688	0.8053	0.2374	0.0816*	0.7114	0.3887*	0.9607	1.2215*	—	0.949*
Zurich	1.4485	2.3788	0.8331	0.2469	0.0847*	0.7485	4.0839*	—	1.2607*	1.0431	0.9861*
1 ECU	1.1326	0.6978	1.9628	6.6258	1,925.44	2.2075	40.5065	1.6354	129.058	1.5623	165.797
1 SDR	1.3807	0.8488	2.4059	8.1169	2,359.82	2.7043	49.67	2.0039	159.311	1.913	203.11

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	274.15	Mex. peso	7.949	S. Afr. rand	4.498
Australian $	1.3369	Hong Kong $	7.741	N. Zealand $	1.4482	S. Kor. won	888.90
Austrian sch.	12.171	Hung. forint	185.13	Norw. krone	7.2945	Swed. krona	7.7472
Brazil real	1.0747	Indian rupee	35.82	Phil. peso	26.37	Taiwan $	27.91
Chinese yuan	8.323	Indo. rupiah	2428.00	Polish zloty	3.24	Thai baht	24.65
Czech koruna	32.32	Irish £	0.6599	Port. escudo	174.85	Turkish lira	144215.
Danish krone	6.5868	Israeli shek.	3.4149	Russ ruble	5758.5	UAE dirham	3.6705
Egypt. pound	3.3952	Kuwaiti dinar	0.30	Saudi riyal	3.75	Venez. boliv.	484.35
Fin. markka	5.1795	Malay. ring.	2.5155	Sing. $	1.4255		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6365	1.6343	1.6330	Japanese yen	113.05	112.55	112.04
Canadian dollar	1.3758	1.3727	1.3699	Swiss franc	1.4358	1.4304	1.4252
Deutsche mark	1.7261	1.7223	1.7184				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

June 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 9/16 - 5 5/8	2 15/16 - 3 1/16	1 1/8 - 1 1/4	6 1/2 - 6 5/8	3 1/4 - 3 3/8	1/2 - 5/8	4 - 4 1/8
3-month	5 11/16 - 5 3/4	2 15/16 - 3 1/16	1 1/16 - 1 3/16	6 1/2 - 6 5/8	3 5/16 - 3 7/16	1/2 - 5/8	4 - 4 1/8
6-month	5 13/16 - 5 7/8	3 - 3 1/8	1 1/16 - 1 3/16	6 11/16 - 6 13/16	3 1/4 - 3 3/8	9/16 - 11/16	4 1/16 - 4 3/16
1-year	5 15/16 - 6 1/16	3 1/16 - 3 3/16	1 1/16 - 1 3/16	6 15/16 - 7 1/16	3 3/8 - 3 1/2	11/16 - 13/16	4 1/8 - 4 1/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	6.00	5¾
90-day CDs dealers	5.65	5.65
180-day CP dealers	5.55	5.55
3 month Treasury bill	4.83	4.84
1-year Treasury bill	5.32	5.32
2-year Treasury bill	5.98	6.01
5-year Treasury note	6.27	6.30
7-year Treasury note	6.32	6.35
10-year Treasury note	6.39	6.43
30-year Treasury bond	6.69	6.73
Merrill Lynch 30-day RA	5.05	5.04
Japan		
Discount rate	0.50	0.50
Call money	0.38	0.40
1-month interbank	0.55	0.55
3-month interbank	0.57	0.57
6-month interbank	0.65	0.65
10-year Govt bond	2.61	2.63
Germany		
Lombard rate	4.50	4.50
Call money	3.05	3.03
1-month interbank	3.10	3.10
3-month interbank	3.13	3.13
6-month interbank	3.17	3.17
10-year Bond	5.64	5.68

Britain		
Bank base rate	6½	6½
Call money	6 7/16	6¾
1-month interbank	6½	6½
3-month interbank	6¾	6¾
6-month interbank	6¾	6¾
10-year Gilt	7.01	7.05
France		
Intervention rate	3.10	3.10
Call money	3 5/16	3⅛
1-month interbank	3¼	3¼
3-month interbank	3 5/16	3 5/16
6-month interbank	3⅜	3⅜
10-year OAT	5.55	5.65

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	340.95	341.30	—0.35
London	340.95	341.50	—0.10
New York	343.40	344.80	+1.70

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Aug.)
Source: Reuters.

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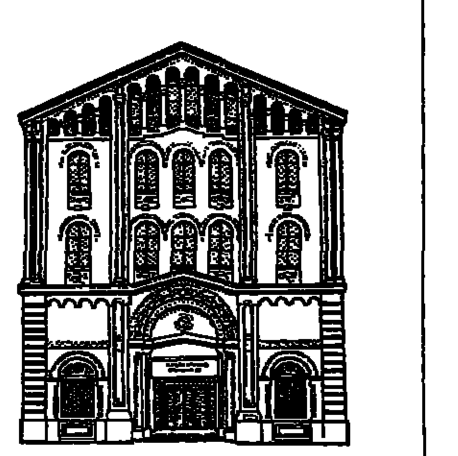

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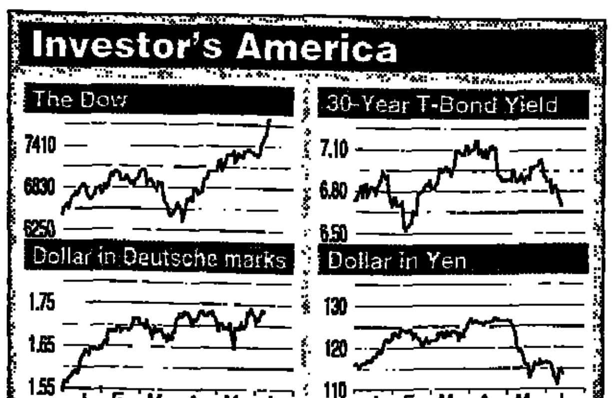

Exchange	Index	Monday 4PM	Prev. Close	% Change
NYSE	The Dow	7772.09	7782.04	-0.13
NYSE	S&P 500	893.93	893.27	+0.07
NYSE	S&P 100	872.40	869.94	+0.28
NYSE	Composite	465.01	465.17	-0.03
U.S.	Nasdaq Composite	1432.02	1423.04	+0.63
AMEX	Market Value	628.17	630.40	-0.34
Toronto	TSE Index	6585.30	6556.80	+0.28
São Paulo	Bovespa	11958.76	11828.53	+1.10
Mexico City	Bolsa	4256.72	4244.58	+0.29
Buenos Aires	Merval	Closed	813.41	
Santiago	IPSA General	5802.47	5842.36	-0.70
Caracas	Capital General	N.A.	7608.55	

Source: Bloomberg, Reuters — International Herald Tribune

Pared-Down PCs Unveiled

Compiled by Our Staff From Dispatches

NEW YORK — Major computer companies rolled out pared-down business machines Monday that cost as little as $1,000 and are cheaper to maintain than traditional desktops.

The machines run on Intel Corp. chips and Microsoft Corp. operating software, as do most personal computers. But they are less expensive than PCs because they would download software from a central mainframe machine instead of requiring each PC's hard drive to be periodically updated with new software.

Called the NetPC, the machines were displayed by 11 PC makers, including Compaq Computer Corp., International Business Machines Corp., Hewlett-Packard Co. and Dell Computer Corp.

The NetPC is a response to the network computer, or NC, which has been championed by Sun Microsystems Inc., Oracle Corp. and IBM. The NetPC, which runs Microsoft's Windows, requires no investment in new software, unlike the NC, although the ultimate savings might be less.

Decrying the cost and complexity of the personal computer, promoters of the NC, including Lawrence Ellison and Scott McNealy, the chief executives of Oracle and Sun, have been offering it as a low-cost alternative that acts as a portal into the corporate computer network.

The NC also has the added attraction to Sun, Oracle and IBM of being able to use a variety of different microprocessors and operating software, thereby challenging the Intel-Microsoft duopoly.

Intel and Microsoft at first dismissed the NC, but after many of their business customers were attracted by the potential savings, they decided to try to divert interest away from it by coming up with a rival product.

Corporate buyers have long complained about the high costs associated with managing large numbers of personal computers. Expensive staffs are needed to answer questions and untangle hardware and software conflicts.

"The flexibility of the PC to be almost anything is what has helped make it so popular," said Greg Blatnik, a vice president at Zona Research in Redwood City, California. "However, there is a curse associated with that flexibility, and that is that there are almost no two PCs that are alike in any organization."

The NetPC, like the PCs sold today, has a hard-disk drive, memory and an Intel chip, but it is missing floppy and compact disk drives to add software, and expansion slots to add hardware peripherals. *(AP, NYT)*

Consumer Companies Temper Stock Rally

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were lower Monday, pausing after a six-day record run, as declines at consumer-products companies tempered optimism that second-quarter profits would exceed expectations.

"Investors are a little nervous with a market that's just gone up so much, so fast," said Arthur Stockton, chief executive of Stockton Trust. "But who can argue with the fundamentals of low interest rates and inflation?"

The Dow Jones industrial average finished 9.95 points lower at 7,772.09. On Friday the Dow closed at a record 7,782.04.

The Standard & Poor's 500-stock index rose 0.66 point to 893.93, and the Nasdaq Composite Index rose 8.99 to 1,432.02.

U.S. bonds rose amid expectations that reports Tuesday on consumer prices and housing construction will provide more evidence of slowing growth and quiescent inflation.

The benchmark 30-year Treasury bond gained 13/32 to 99 6/32, taking the yield down to 6.69 percent from 6.72 percent on Friday.

The decline in yields helped bank shares gain.

Gillette fell 1¾ to 96⅞ on concern that second-quarter sales could lag expectations. Other decliners included Procter & Gamble, which fell 1⅛ to 141½. Investors put a high value on steady-earning consumer product companies when the economy is expected to slowdown.

Intel gained 2½ to 147¼, and Texas Instruments rose 3 to 87½ as did other semiconductor makers rose before Micron Technology's third-quarter earnings report, which is expected to show that profit climbed in the quarter that ended May 31.

One of the biggest decliners on the day was Fila Holding, an Italian maker of athletic clothes and shoes. The company sees second-quarter earnings falling below analysts' estimates, hurt by declining sales and the cancellation of U.S. orders. Fila's American depositary receipts fell 4½ to 32⅞.

AlliedSignal rose ⅞ to 82¼ after its aerospace unit on orders valued at a total of $543 million for aerospace components at the Paris Air Show. *(Bloomberg, AP)*

U.S. MARKETS

■ Dollar Heads Lower

The dollar fell against the yen amid concern that Japan's growing trade surplus would take center stage at the meeting of the Group of Seven industrialized nations this week in Denver, Bloomberg News reported.

The dollar was also down against the Deutsche mark as European leaders arrived at an agreement designed to ensure that Europe's planned single currency will be stable.

The dollar was at 113.450 yen in 4 P.M. trading, down from 114.805 on Friday, and at 1.7320 Deutsche marks, off from 1.7365 DM. The U.S. currency also fell to 1.4425 Swiss francs from 1.4429 francs and to 5.8395 French francs from 5.8680 francs. The pound was at $1.6375, up from $1.6370.

U.S. Treasury Secretary Robert Rubin said G-7 leaders would discuss ways to promote economic growth and financial stability around the world — especially in Japan, where he said continued export-led growth could pose problems for the world economy.

Very briefly:

- **McLeodUSA Inc.** said it would buy **Consolidated Communications Inc.** for $420 million. Consolidated shareholders would receive 8.49 million shares of McLeodUSA stock and $155 million in cash. McLeod, a telecommunications concern, also would assume Consolidated's $60 million of long-term debt.
- **BT Industries AB** will acquire **Raymond Corp.** for $33 a share, or about $353 million, as the Swedish company expands its global materials-handling equipment business.
- **Kmart Corp.** said it sold its 123-store Kmart Canada Co. unit for 185 million Canadian dollars ($134 million) to a group of investors as part of a strategy to focus on its core U.S. department-store business.
- **CKE Restaurants Inc.** said it would offer 8.3 million common shares to pay for its $327 million acquisition of **Hardee's Food Systems Inc.**
- **Keycorp** agreed to acquire **Champion Mortgage Holdings Corp.**, a company specializing in home loans for people with bad credit, for $200 million in stock. *Bloomberg, Reuters*

Genesis Buys Nursing-Home Chain

Compiled by Our Staff From Dispatches

HACKENSACK, New Jersey — Genesis Health Ventures Inc. teamed up with two investor groups Monday to buy Multicare Cos., a nursing-home chain, for $1.4 billion in cash and assumed debt.

Genesis, which provides health-care services for the elderly, was joined by the investment funds Cypress Group and Texas Pacific Group in making the bid.

The agreement, valued at $28 a share to Multicare stockholders, bolsters Genesis in the northeastern United States, as it focuses on an area from New Hampshire to the District of Columbia. Genesis and its partners will assume $342 million of debt, and Genesis will run Multicare's 155 facilities in addition to the 150 that it already owns.

Multicare shares closed Monday at $26.875, up $1.25; Genesis rose 25 cents, to $35.375.

The transaction comes amid a consolidation in the nursing-home industry. Last month, GranCare Inc. agreed to merge with Living Centers of America Inc. in a $1.7 billion transaction.

Genesis Health Ventures consolidated its businesses under the brand name Genesis ElderCare last year. It has established Genesis ElderCare Networks in four regional markets in the Eastern United States and serves more than 100,000 customers daily.

Genesis also said it would sign a contract to manage Multicare's operations for an annual fee of 6 percent of total revenue. All Multicare services and products will come under the Genesis ElderCare banner, and Genesis will acquire Multicare's rehabilitation therapy business. *(Bloomberg, AP)*

COMPAQ: *Personal-Computer Maker Hopes to Fend Off Mounting Threat From Dell and Gateway*

Continued from Page 15

another wave of market-share consolidation," Don Young, an analyst at Prudential Securities, said in a report this month.

But that assumes Compaq will be successful. If Mr. Pfeiffer has charted the wrong course, or even if he is right and the company cannot move nimbly enough, then Compaq could stumble as badly as it did under his predecessor.

The heart of Compaq's plan requires radically altering the company's relations with the tens of thousands of large and small dealers who sell its computers. Beginning with its new line of desktop PCs, which will be introduced this month, Compaq intends to build machines only as customers order them. The idea is to eliminate the thousands of computers held in inventory by distributors around the world.

By tradition, Compaq and other computer makers that use the dealer network are obliged to guarantee those inventories against price changes. When the cost of memory, chips or other components drops, as it often does in the rapidly changing PC business, Compaq must reimburse its dealers for the price reductions on the computers they already hold. If the older machines still do not sell, Compaq is obliged to take them back.

Now, Compaq will guarantee the prices of a dealer's inventory for only two weeks and will not take back any computers unless they simply do not work. As dealers work down their warehouse stockpiles, Compaq hopes by year-end to have a lean two weeks' worth of dealer inventory across its entire product line.

Earl Mason, Compaq's chief financial officer, said the measures would enable Compaq to save $1 billion or more a year.

Dell and Gateway do not have such costs because they deliver directly to customer without going through third parties. As a result, their prices are in many cases 10 percent to 15 percent lower than those of Compaq, IBM, Hewlett-Packard and other companies that rely on dealers.

That may help explain why Dell has been growing so rapidly that last year alone it was able to shoot from eighth place in the PC industry to fourth. (Gateway ranks 11th.) At current growth rates, Dell's sales would exceed Compaq's by 2001, according to Mr. Young.

"Let's face it," said Emilio Ghilardi, the marketing manager for Hewlett-Packard's desktop PCs, "if someone is able to sell a product that is essentially a commodity for 10 percent cheaper than yours, then you have a problem."

Compaq says it will use the money it saves from its new distribution plan to reduce prices. It also intends to hire thousands more employees to give customers more direct attention from Compaq personnel — something its corporate buyers have long requested.

Compaq's plans have alarmed some dealers, who feared that the company was now abandoning them.

Weekend Box Office

The Associated Press

LOS ANGELES — "Speed 2: Cruise Control" dominated the U.S. box office over the weekend, with a gross of $16.2 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. Speed 2: Cruise Control	(Twentieth Century-Fox)	$16.2 million
2. Con Air	(Touchstone Pictures)	$15.2 million
3. The Lost World: Jurassic Park	(Universal)	$12 million
4. Addicted to Love	(Warner Bros.)	$2.3 million
5. Austin Powers	(New Line Cinema)	$2.1 million
6. Buddy	(Jim Henson Pictures)	$2 million
7. Gone Fishin'	(Hollywood Pictures)	$1.9 million
8. The Fifth Element	(Columbia Pictures)	$1.4 million
9. Trial and Error	(New Line Cinema)	$1.3 million
10. Breakdown	(Paramount)	$1.1 million

AMEX

Monday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]					

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7771.43	7795.14	7753.09	7772.09	-9.95
Trans	2740.15	2746.71	2714.96	2722.18	-19.49
Util	224.93	225.15	223.82	224.43	-0.17
Comp	2381.65	2384.53	2372.21	2376.67	-6.72

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	1050.54	1051.24
Transp.	—	—	631.78	628.95
Utilities	—	—	196.96	196.51
Finance	—	—	102.48	102.70
SP 500	—	—	893.27	893.93
SP 100	—	—	869.94	872.40

NYSE

	High	Low	Last	Chg.
Composite	465.75	463.98	465.01	-0.16
Industrials	589.88	587.44	588.70	-0.15
Transp.	414.43	411.70	412.46	-1.12
Utility	285.97	283.92	284.51	-1.46
Finance	427.36	425.30	427.36	+0.83

Nasdaq

	High	Low	Last	Chg.
Composite	1432.03	1422.20	1432.03	+9.80
Industrials	1153.79	1144.87	1153.78	+5.78
Banks	1558.63	1542.30	1550.25	+5.36
Insurance	1609.44	1597.32	1608.10	+4.55
Finance	1877.47	1871.10	1877.45	+0.82
Transp.	953.86	942.27	944.77	-7.10

AMEX

High	Low	Last	Chg.
630.32	627.09	628.26	-1.84

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	102.84	102.93
10 Utilities	99.85	100.16
10 Industrials	105.84	105.71

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
PhilMor s	81877	47¾	45⅞	45¾	-⅛
AT&T s	51400	38⅛	37⅛	38⅛	+⅛
Compaq	41487	105⅝	100¾	105¾	+4⅝
WalMart	35478	33	32⅝	33	+1
DuPont s	34981	60⅞	59⅜	59⅝	+⅛
Micrnl	34717	42⅝	40⅛	41⅜	+1
PepsiCo	34214	39	38⅜	38⅝	-⅛
BoyWhk	33957	24⅝	24	24⅛	+⅜
Monsan	29743	43⅝	42⅜	43⅝	+⅜
WDigit s	29530	31⅝	29	31	+1⅝
GenElec s	28537	66⅜	65⅜	66⅛	+⅜
CocaCl	28224	72⅛	71⅜	71⅛	-⅛
Exxon s	26758	65⅛	63⅞	64⅞	+⅜
IBM s	24661	90	88⅛	89⅞	+⅜
Polo RL n	24763	32⅛	30⅛	30⅛	-1⅜

Nasdaq

	Vol.	High	Low	Last	Chg.
Oracle	94988	53	51⅛	52¾	-⅛
Cisco	78142	68⅛	66⅜	67⅞	+⅛
Ascend	67482	42⅛	40⅛	42⅛	+1⅛
Intel	67227	147⅝	144⅜	147¼	+2½
TlWrld s	62009	9⅛	9	9⅛	-⅛
3Com	58832	48	47	47⅝	-⅛
DellCpt s	51191	115⅞	111⅝	115⅞	+4⅝
Microsft s	38584	131⅞	128⅝	131⅛	+1¼
WorldCm s	47328	29⅝	28⅝	29⅛	-⅛
Applied M	45994	65⅝	63⅜	65⅜	+1⅞
Rapind	40493	20⅛	19⅛	20⅛	+⅛
Amgen	39937	63⅞	61⅝	62⅞	-⅝
Tellabs s	37484	52⅛	48⅜	52⅛	+3⅝
SunMic s	37892	35⅝	34⅝	35⅜	+⅛
NextelCm	33038	18⅛	18	18⅛	+⅛

AMEX

	Vol.	High	Low	Last	Chg.
Harken	18565	7	6⅜	6⅝	-⅜
TWA	10502	9⅝	8⅝	8⅝	-⅝
SPDR	7226	90	89⅜	89⅞	+½
GreyhndL	6482	4⅝	4⅜	4⅜	-⅛
JTS Corp	5380	1⅛	1	1	-⅛
InterDig	4578	6	5⅝	5⅞	+⅛
Hasbro s	4091	28⅝	28	28⅜	+⅜
Cablvs pf	3690	25¾	25⅝	25⅝	-⅛
FAusPr	3284	9⅝	9⅜	9⅝	
RoyalO g	3249	2⅝	2⅜	2⅝	+⅛

Trading Activity

NYSE	Close	Prev.
Advanced	1255	1763
Declined	1289	832
Unchanged	851	803
Total issues	3395	3398
New Highs	299	478
New Lows	8	6

Nasdaq	Noon	Prev.
Advanced	1574	2055
Declined	1753	1966
Unchanged	2220	1713
Total issues	5547	5734
New Highs	114	196
New Lows	58	59

AMEX	Close	Prev.
Advanced	284	330
Declined	265	251
Unchanged	192	167
Total issues	741	748
New Highs	43	58
New Lows	6	2

Market Sales

	Today 4:00	Prev. cons.
NYSE	419.10	696.07
Amex	16.97	27.94
Nasdaq	460.84	593.87

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Colonial/HCA Hlth	-	.02	8-1	9-1
Fidel Adv BalFd	-	.12	6-13	6-16
Fidel Congress	-	2.20	6-13	6-16
Fidel Equinco	-	.07	6-13	6-16
Fidel EquiPort B	-	.05	6-13	6-16
Fidel Exch	-	1.20	6-13	6-16
Fidel Grw&Inco	-	.12	6-13	6-16
Fidel RE Port	-	.18	6-13	6-16
NCE Petrofund	g	.06	6-18	6-30
STOCK SPLIT				
STB Systems 3 for 2 split.				
REVERSE STOCK SPLIT				
STB Systems 3 for 2 split.				
Striker Indus 1 for 2.5 reverse split.				
INCREASED				
Comm Syst	Q	.09	6-20	7-1
Genovese Drug	Q	.07	7-1	7-8
InterWest Bncp	Q	.15	6-23	7-10
PMC Capital	Q	.31	6-30	7-15
INITIAL				
HealthPlan Svcs	-	.125	6-27	7-14
Tuscarora Inc n	-	.10	6-23	7-3
REGULAR				
Apco Argentina	Q	.1625	7-4	7-18
Cedar Fair LP.	Q	.625	7-3	8-15
Central Parking	Q	.0225	6-30	7-11
Fidel Adv EqIncoI.	Q	.10	6-13	6-16
Fidel Adv Gr	Q	.01	6-13	6-16
Fidelity Fund	Q	.08	6-13	6-16
Fidel Puritan	Q	.16	6-13	6-16
Fst Fin Caribb	Q	.20	8-15	9-5
Morgan, J adjpfA	-	1.25	6-23	6-30
Mylan Labs	Q	.04	6-30	7-15
Natl Hlthcare	Q	.40	6-30	8-15
Nucor Corp	Q	.10	6-30	8-11
Perkins Family	Q	.325	6-30	8-15
Sanyo Elec ADR	c	.068	4-3	7-16
c- reporting payable date on previously announced declaration.				
TX Regional Bn A,	Q	.11	7-8	7-15

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

June 16, 1997

	High	Low	Latest	Chge	Opint
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	271	268¼	268½	—3	94,068
Sep 97	256¾	252	252½	—5½	40,278
Dec 97	252¾	248	248¼	—5¾	116,787
Mar 98	259½	255	255½	—4¾	13,467
May 98	261	260	260	—4½	2,049
Jul 98	267	263	263	—5¾	3,583
Sep 98			253	—4	109
Est. sales N.A. Fri's. sales 43,652					
Fri's open int 273,831 off 207					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jul 97	280.60	276.00	276.40	—4.70	34,834
Aug 97	256.80	251.80	251.90	—5.40	17,999
Sep 97	236.00	233.20	233.40	—5.10	12,856
Oct 97	224.80	221.70	221.90	—4.60	13,154
Dec 97	217.00	213.70	213.80	—4.30	26,351
Jan 98	213.00	210.80	211.50	—4.00	2,495
Est. sales N.A. Fri's. sales 34,789					
Fri's open int 112,268 off 3199					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Jul 97	23.45	23.08	23.13	—0.20	38,450
Aug 97	23.75	23.28	23.35	—0.20	19,213
Sep 97	23.61	23.48	23.55	—0.15	9,289
Oct 97	23.69	23.60	23.63	—0.20	11,887
Dec 97	23.97	23.78	23.83	—0.25	27,368
Jan 98	24.00	23.95	23.95	—0.27	1,591
Est. sales N.A. Fri's. sales 11,882					
Fri's open int 103,442 off 437					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	854½	836	838½	—16	55,957
Aug 97	789¼	773	773¾	—17	27,877
Sep 97	708	700	700½	—10¾	10,224
Nov 97	673½	662	666	—7½	52,226
Jan 98	678	664	667½	—8	7,823
Est. sales N.A. Fri's. sales 76,632					
Fri's open int 158,320 off 1208					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	349½	342½	342¾	—9¾	36,387
Sep 97	361	350	350¾	—10½	25,243
Dec 97	373	363	363½	—10	19,802
Mar 98	372	368½	369	—10	2,548
Est. sales N.A. Fri's. sales 22,623					
Fri's open int 84,988 up 351					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Jun 97	65.62	65.20	65.30	+0.72	7,263
Aug 97	64.97	64.35	64.77	+0.58	44,425
Oct 97	67.62	67.10	67.42	+0.10	23,208
Dec 97	70.47	69.92	70.35	+0.25	12,042
Feb 98	71.35	70.75	71.12	+0.17	6,348
Apr 98	73.02	72.80	72.95	+0.25	2,558
Est. sales 15,330 Fri's. sales 15,091					
Fri's open int 96,449 off 673					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 97	78.85	78.00	78.75	+0.47	10,086
Sep 97	78.35	77.65	78.35	+0.55	2,533
Oct 97	78.50	77.90	78.42	+0.47	3,628
Nov 97	79.45	79.05	79.05	+0.30	2,354
Jan 98	79.68	79.35	79.60	+0.70	635
Mar 98	78.90	78.75	78.80	+0.55	195
Est. sales 2,221 Fri's. sales 2,743					
Fri's open int 19,532 off 11					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jun 97			80.72		3,153
Jul 97	81.00	79.95	80.87	+0.85	10,107
Aug 97	78.20	77.45	77.95	+0.50	10,962
Oct 97	71.27	70.40	70.95	+0.32	6,574
Dec 97	67.47	66.70	67.22	+0.32	3,734
Est. sales 10,407 Fri's. sales 10,990					
Fri's open int 37,883 off 398					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Jul 97	79.75	78.00	79.20	+2.30	4,003
Aug 97	80.17	78.12	79.80	+2.17	2,566
Feb 98	74.00	71.50	73.70	+1.25	496
Est. sales 4,071 Fri's. sales 5,042					
Fri's open int 7,089 off 536					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Jul 97	1589	1566	1583	—11	4,821
Sep 97	1635	1614	1629	—3	34,373
Dec 97	1671	1651	1668	—3	19,895
Mar 98	1700	1680	1700		23,494
May 98			1720		8,751
Jul 98			1740		575
Est. sales N.A. Fri's. sales 22,880					
Fri's open int 96,658 up 2721					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Jul 97	198.00	186.00	196.50	+0.80	4,926
Sep 97	182.00	175.00	181.60	—1.15	9,203
Dec 97	161.00	155.50	160.20	—1.30	4,623
Mar 98	151.00	144.00	150.50	+1.00	2,306
May 98	146.50	140.50	146.50	+0.25	567
Est. sales N.A. Fri's. sales 9,714					
Fri's open int 21,916 up 138					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 97	11.43	11.35	11.36	—0.06	62,333
Oct 97	11.33	11.25	11.28	—0.04	76,241
Mar 98	11.18	11.13	11.16	—0.01	32,813
May 98	11.09	11.03	11.06	—0.05	7,280
Est. sales N.A. Fri's. sales 29,028					
Fri's open int 183,079 off 5653					

	High	Low	Latest	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 97	77.80	76.00	76.85	+0.65	15,892
Sep 97	80.20	78.60	79.60	+0.80	10,442
Nov 97	82.50	81.50	82.25	+0.75	4,606
Jan 98	85.50	84.45	84.70	+0.70	1,813
Est. sales N.A. Fri's. sales 4,341					
Fri's open int 34,397 up 740					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jun 97	342.90	341.00	342.90	+2.00	341
Jul 97			343.70	+1.70	1
Aug 97	345.00	342.90	344.80	+1.70	75,635
Oct 97	347.30	346.00	347.30	+1.70	7,945
Dec 97	350.20	348.10	349.90	+1.70	26,308
Feb 98			352.40	+1.70	9,765
Apr 98			354.80	+1.80	4,353
Jun 98			357.30	+1.80	8,073
Aug 98			359.90	+1.80	757
Est. sales N.A. Fri's. sales 18,890					
Fri's open int 164,782 up 1399					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jun 97	122.00	120.50	122.00	+1.75	1,517
Jul 97	122.30	120.30	122.30	+1.60	30,362
Aug 97	120.45	119.00	120.40	+1.40	2,803
Sep 97	119.70	118.30	119.70	+1.40	9,121
Oct 97			117.50	+1.40	1,176
Nov 97			115.50	+1.50	1,227
Dec 97	114.50	113.20	114.50	+1.50	6,281
Jan 98			112.20	+1.50	654
Feb 98			110.55	+1.50	541
Est. sales N.A. Fri's. sales 12,613					
Fri's open int 58,544 off 1159					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jun 97			467.90	+1.40	2
Jul 97	470.00	467.50	468.70	+1.20	45,802
Sep 97	475.00	472.50	473.40	+1.20	15,764
Dec 97	482.50	480.00	480.20	+1.20	8,423
Jan 98			482.20	+1.20	17
Mar 98	488.50	486.50	487.00	+1.20	8,645
May 98			491.10	+1.20	2,812
Jul 98			495.20	+1.20	2,816
Est. sales N.A. Fri's. sales 17,000					
Fri's open int 88,842 up 2125					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	429.00	415.80	423.90	—2.40	11,692
Oct 97	408.80	396.00	405.90	—0.40	6,648
Jan 98	400.00	390.00	396.90	—1.40	1,417
Est. sales N.A. Fri's. sales 4,549					
Fri's open int 19,831 off 781					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1556.00	1557.00	1566½	1567½
Forward	1583.00	1584.00	1593.00	1593½
Copper Cathodes (High Grade)				
Spot	2677.00	2680.00	2703.00	2705.00
Forward	2587.00	2588.00	2600.00	2601.00
Lead				
Spot	610.00	611.00	621.00	622.00
Forward	623.00	624.00	631.00	632.00
Nickel				
Spot	7160.00	7170.00	7250.00	7260.00
Forward	7270.00	7275.00	7355.00	7360.00
Tin				
Spot	5510.00	5520.00	5585.00	5595.00
Forward	5550.00	5560.00	5620.00	5625.00
Zinc (Special High Grade)				
Spot	1347½	1348½	1348½	1349½
Forward	1370.00	1371.00	1370.00	1371.00

	High	Low	Close	Chge	Opint
Financial					
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Jun 97	95.12	95.08	95.11	+0.03	2,267
Sep 97	94.82	94.80	94.80	+0.01	6,773
Dec 97	94.70	94.70	94.70	+0.02	240
Est. sales N.A. Fri's. sales 755					
Fri's open int 9,280 off 581					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Sep 97	106-30	106-18	106-25	+ 05	196,083
Dec 97			106-07	+ 05	1,340
Est. sales N.A. Fri's. sales 65,620					
Fri's open int 231,049 off 4316					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 97	108-21	108-11	108-18	+ 05	311,324
Dec 97	108-08	108-07	108-06	+ 06	2,938
Mar 98			107-26	+ 06	9
Est. sales N.A. Fri's. sales 130,741					
Fri's open int 35,932 off 297553					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Jun 97	112-18	112-05	112-14	+ 07	44,476
Sep 97	112-07	111-27	112-02	+ 07	413,065
Dec 97	111-24	111-15	111-21	+ 07	25,077
Mar 98			111-11	+ 07	2,838
Est. sales N.A. Fri's. sales 403,492					
Fri's open int 486,316 off 4676					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Jun 97			94.31		13,717
Jul 97	94.34	94.33	94.33		16,522
Aug 97	94.31	94.29	94.29		9,174
Est. sales N.A. Fri's. sales 9,333					
Fri's open int 43,407 up 2289					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Jun 97	114-27	114-13	114-26	+0-10	1,763
Sep 97	114-16	114-00	114-13	+0-09	161,994
Est. sales: 32,474. Prev. sales: 63,285.					
Prev. open int.: 163,757 up 4,408					

	High	Low	Latest	Chge	Opint
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Sep 97	101.87	101.46	101.71	+0.14	261,397
Dec 97	100.82	100.82	100.76	+0.14	1,901
Est. sales: 135,499. Prev. sales: 233,908					
Prev. open int.: 263,298 up 16,927					
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Jun 97	131.24	130.46	130.98	+ 0.38	28,075
Sep 97	129.52	128.74	129.20	+ 0.28	197,488
Dec 97	98.14	97.80	98.12	+ 0.28	1,175
Est. sales: 199,950.					
Open Int.: 226,938 up 11,046.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep 97	132.29	131.66	132.18	+0.29	82,612
Dec 97	N.T.	N.T.	105.08	+0.34	82,912
Est. sales: 50,876. Prev. sales: 71,515					
Prev. open int.: 82,912 off 1,457					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Jun 97	94.22		94.21	—0.01	339,358
Jul 97	94.23	94.21	94.22		25,982
Aug 97	94.20	94.18	94.19		7,580
Sep 97	94.16	94.13	94.15	+0.01	530,478
Dec 97	93.98	93.95	93.97		427,169
Mar 98	93.90	93.88	93.90	+0.01	287,836
Jun 98	93.79	93.76	93.78	+0.02	264,839
Sep 98	93.69	93.66	93.68	+0.02	194,882
Dec 98	93.58	93.56	93.57	+0.02	132,700
Mar 99	93.57	93.54	93.55	+0.02	101,591
Jun 99	93.53	93.50	93.51	+0.02	85,835
Sep 99	93.49	93.46	93.47	+0.02	72,817
Est. sales N.A. Fri's. sales 535,082					
Fri's open int 2,875,995 up 10118					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Jun 97	1.6374	1.6350	1.6364		23,564
Sep 97	1.6360	1.6300	1.6328		31,023
Dec 97	1.6290	1.6288	1.6294		127
Est. sales N.A. Fri's. sales 24,332					
Fri's open int 54,716 off 1491					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Jun 97	.7257	.7206	.7211		36,285
Sep 97	.7307	.7254	.7258		37,466
Dec 97	.7348	.7296	.7302		2,334
Est. sales N.A. Fri's. sales 20,408					
Fri's open int 66,716 up 941					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Jun 97	.5786	.5755	.5777		40,959
Sep 97	.5827	.5784	.5813		64,566
Dec 97	.5864	.5849	.5851		796
Est. sales N.A. Fri's. sales 44,064					
Fri's open int 106,444 up 10460					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Jun 97	.8816	.8712	.8808		38,132
Sep 97	.8957	.8816	.8932		47,753
Dec 97	.9047	.9025	.9050		1,013
Est. sales N.A. Fri's. sales 29,707					
Fri's open int 85,993 off 4552					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Jun 97	.6949	.6927	.6938		17,999
Sep 97	.7034	.6994	.7011		31,097
Dec 97	.7100	.7077	.7088		766
Est. sales N.A. Fri's. sales 19,002					
Fri's open int 49,890 up 716					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Jun 97	.12580	.12562	.12572		8,024
Sep 97	.12130	.12070	.12112		17,699
Dec 97	.11688	.11645	.11680		9,603
Est. sales N.A. Fri's. sales 6,527					
Fri's open int 38,983 off 50					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Jun 97	93.30	93.28	93.30	+0.01	95,087
Sep 97	93.18	93.14	93.18	+0.03	129,925
Dec 97	93.02	92.98	93.02	+0.03	111,007
Mar 98	92.93	92.88	92.92	+0.03	68,098
Jun 98	92.85	92.81	92.85	+0.03	46,333
Sep 98	92.79	92.76	92.79	+0.03	32,021
Dec 98	92.77	92.74	92.77	+0.03	26,521
Mar 99	92.76	92.72	92.76	+0.03	20,058
Jun 99	92.75	92.73	92.75	+0.03	11,366
Est. sales: 41,616. Prev. sales: 58,565					
Prev. open int.: 563,341 up 709					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Jun 97	96.88	96.87	96.88	+0.01	170,712
Jul 97	96.87	96.86	96.86	Unch.	1,777
Aug 97	96.85	96.85	96.85	Unch.	252
Sep 97	96.84	96.82	96.82	—0.01	265,748
Dec 97	96.75	96.73	96.73	—0.01	264,722
Mar 98	96.66	96.63	96.63	—0.02	232,673
Jun 98	96.50	96.47	96.47	—0.02	158,175
Sep 98	96.27	96.24	96.25	—0.02	133,916
Dec 98	96.02	95.98	95.99	—0.02	88,110
Mar 99	95.78	95.74	95.74	—0.02	80,138
Jun 99	95.56	95.52	95.52	—0.02	45,017
Est. sales: 99,893. Prev. sales: 157,296					
Prev. open int.: 1,539,841 off 1,190					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Jun 97	96.61	96.59	96.59	—0.01	43,342
Sep 97	96.62	96.53	96.59	+ 0.03	64,877
Dec 97	96.61	96.52	96.59	+ 0.05	32,907
Mar 98	96.54	96.45	96.51	+ 0.04	28,604
Jun 98	96.44	96.38	96.42	+ 0.03	26,484
Sep 98	96.30	96.23	96.27	+ 0.01	31,964
Dec 98	96.09	96.04	96.07	+ 0.02	15,776
Mar 99	95.85	95.80	95.82	+ 0.02	13,936
Jun 99	95.62	95.59	95.61	+ 0.06	7,455
Est. sales: 91,200.					
Open Int.: 279,239 up 1,948.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Jun 97	93.17	93.14	93.13	—0.05	50,823
Sep 97	93.42	93.35	93.37	—0.03	110,086
Dec 97	93.74	93.69	93.70	—0.01	65,511
Mar 98	93.93	93.87	93.91	+0.04	42,606
Jun 98	94.03	93.94	94.01	+0.06	28,409
Sep 98	94.06	93.98	94.05	+0.07	18,812
Dec 98	94.07	94.04	94.06	+0.08	6,092
Mar 99	94.06	94.01	94.05	+0.08	6,752
Est. sales: 51,142. Prev. sales: 81,162					
Prev. open int.: 329,011 off 7,442					

	High	Low	Latest	Chge	Opint
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb					
Jul 97	73.60	72.15	72.34	—0.91	22,613
Oct 97	75.60	74.20	74.20	—0.98	8,864
Dec 97	76.25	74.80	74.93	—1.09	33,025
Mar 98	77.20	76.17	76.17	—0.93	5,651
May 98	77.45	76.67	76.67	—0.78	1,138
Est. sales N.A. Fri's. sales 10,897					
Fri's open int 73,604 off 996					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jul 97	52.35	51.38	51.94	+0.30	33,343
Aug 97	52.75	51.90	52.36	+0.22	26,483
Sep 97	53.60	52.90	53.26	+0.22	14,199
Oct 97	54.55	53.95	54.16	+0.22	12,754
Nov 97	55.50	54.95	55.06	+0.22	11,109
Dec 97	56.20	55.65	55.91	+0.22	16,118
Est. sales N.A. Fri's. sales 20,576					
Fri's open int 143,888 up 1883					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Jul 97	19.18	18.77	19.01	+0.18	51,893
Aug 97	19.34	18.97	19.17	+0.11	83,034
Sep 97	19.45	19.13	19.28	+0.09	36,785
Oct 97	19.52	19.25	19.37	+0.07	25,297
Nov 97	19.60	19.37	19.46	+0.06	16,409
Dec 97	19.65	19.42	19.52	+0.05	37,680
Jan 98	19.66	19.55	19.55	+0.04	17,248
Est. sales N.A. Fri's. sales 119,674					
Fri's open int 402,317 off 4230					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Jul 97	2.180	2.130	2.140		29,417
Aug 97	2.200	2.145	2.155		28,164
Sep 97	2.190	2.150	2.155		17,864
Oct 97	2.190	2.150	2.165		20,488
Nov 97	2.315	2.290	2.295		9,127
Dec 97	2.460	2.435	2.435		12,742
Jan 98	2.500	2.475	2.475		13,403
Feb 98	2.420	2.395	2.400		9,986
Mar 98	2.290	2.270	2.275		6,674
Apr 98	2.145	2.130	2.130		3,597
Est. sales N.A. Fri's. sales 42,848					
Fri's open int 198,393 up 841					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jul 97	58.25	56.85	58.03	+0.63	32,445
Aug 97	57.65	56.40	57.35	+0.52	23,929
Sep 97	56.90	55.90	56.60	+0.45	6,887
Oct 97	55.60	55.20	55.35	+0.40	4,072
Nov 97	55.00	54.80	54.80	+0.35	2,097
Dec 97	54.45	54.00	54.45	+0.30	4,630
Jan 98	54.95	54.45	54.45	+0.30	2,469
Est. sales N.A. Fri's. sales 20,638					
Fri's open int 79,467 up 827					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Jul 97	164.00	160.50	161.75	—1.00	19,796
Aug 97	164.50	162.50	163.75	—0.75	10,119
Sep 97	166.25	164.75	166.00	—0.50	5,993
Oct 97	168.75	167.25	168.75	—0.50	6,582
Nov 97	170.50	169.25	170.50	—0.50	2,277
Dec 97	172.00	170.75	172.00	—0.25	9,252
Jan 98	172.50	172.00	173.00	—0.25	2,891
Est. sales: 11,549. Prev. sales: 9,943					
Prev. open int.: 61,515 up 925					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Aug 97	17.98	17.72	17.86	+0.10	80,496
Sep 97	18.15	17.93	18.03	+0.12	21,559
Oct 97	18.32	18.08	18.19	+0.11	11,579
Nov97	18.47	18.24	18.34	+0.10	8,259
Dec97	18.50	18.32	18.42	+0.09	11,273
Jan98	18.39	18.33	18.42	+0.09	6,954
Feb98	18.40	18.31	18.40	+0.08	4,503
Est. sales: 22,468. Prev. sales: 56,791					
Prev. open int.: 150,194 off 11,984					
Stock Indexes					
S&P COMP. INDEX (CMER) 500 x index					
Jun 97	896.50	892.10	894.40	+0.15	97,512
Sep 97	905.80	901.30	903.50	+0.05	110,486
Dec 97	913.85	911.25	913.85	+1.10	3,888
Est. sales N.A. Fri's. sales 135,583					
Fri's open int 223,363 up 10454					
CAC 40 (MATIF) FF200 per index point					
Jun 97	2816.0	2779.0	2785.0	— 8.00	35,593
Jul 97	2813.0	2781.5	2783.0	— 8.00	6,955
Aug 97	2821.0	2821.0	2791.0	— 8.00	164
Sep 97	2829.5	2799.0	2790.5	— 8.50	14,255
Dec 97	2842.0	2842.0	2818.5	— 8.50	453
Mar 98	2864.5	2864.5	2843.0	— 7.00	6,433
Sep 98	2832.0	2832.0	2824.5	— 3.50	3,133
Est. sales: 16,873.					
Open Int.: 68,986 up 2,468.					
FTSE 100 (LIFFE) £25 per index point					
Jun 97	4794.0	4782.0	4750.0	—51.0	54,385
Sep 97	4823.0	4818.0	4790.0	—50.0	30,464
Dec 97	4844.0	4844.0	4838.0	—49.0	1,218
Est. sales: 38,104. Prev. sales: 20,424.					
Prev. open int.: 86,067 up 896					

Commodity Indexes

	Close	Previous
Moody's	N.A.	1,588.70
Reuters	2,002.30	2,005.10
D.J. Futures	153.67	152.92
CRB	243.53	244.45

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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U.S. MARKETS

TIONAL FUTURES

Labour Studies Selling The Tube

Compiled by Our Staff From Dispatches

LONDON — Tony Blair's Labour government, which campaigned strongly against Conservative plans to sell the London Underground public transportation system, is now considering plans to privatize it.

A document accidentally left in a BBC television studio last week by Deputy Prime Minister John Prescott outlined several ways of getting private investment to help finance hundreds of millions of pounds in necessary improvements.

Mr. Prescott accused the BBC of "sensationalizing" the document.

"We don't believe in the total privatization of anything — Tony Blair has made that absolutely clear," Mr. Prescott said Monday. "What we wanted to do is a partnership. How can we get the money into it? And there were a number of options — in that document there are about four or five of the options."

The proposals include selling a controlling stake in the metro system known as the "Tube." That possibility was immediately welcomed by private transport operators.

Chris Moyes, commercial director at Go-Ahead Group PLC, which operates rail passenger services in the London area, said Monday his company would be interested in bidding.

"Rail companies will be interested and perhaps more qualified than other players to run a high-frequency, high-density service like the Tube," he said. "We would be interested, subject to the way it is structured."

London's subway system is the world's oldest, inaugurated in 1863, and one of the busiest. *(AP, Reuters)*

2 European Automakers Forge Ahead

Fiat Sales Rise 8.2%

Compiled by Our Staff From Dispatches

TURIN — Fiat SpA posted an 8.2 percent increase in car sales in the first five months of 1997 and predicted that full-year sales would grow 15 percent, while pretax profit would at least match that of 1996.

Cesare Romiti, chairman of Italy's largest private industrial group, told shareholders at Fiat's annual meeting that 1997 revenue should reach about 90 trillion lire ($53 billion), and despite the absence of extraordinary gains, income before taxes should not be less than in 1996.

"The results achieved thus far point to an overall improvement in the group's operating and financial performance compared with 1996," Mr. Romiti said.

Mr. Romiti said pretax consolidated profit was around 500 billion lire in the first quarter of 1997, as group sales rose 4.4 percent to 20.85 trillion lire.

With the Italian car giant's five-month vehicle sales totaling 1.12 million units, Mr. Romiti said Fiat's market share in Europe rose to 12.6 percent in May, taking the company from fifth place at the end of 1996 to second place, after Volkswagen, among European car makers.

Car sales in Italy, boosted by purchase incentives, climbed 21 percent, while sales rose 18 percent in Brazil and 11 percent in Poland.

But Fiat's chief executive, Paolo Cantarella, said Italy's car market would slip back to last year's size if the government did not extend incentives, and he warned that the company might have to lay off workers temporarily.

But in the first four months of the year, Fiat's Iveco subsidiary saw truck sales fall 8.8 percent from a year earlier to 37,900 units. Mr. Romiti attributed the fall to "delays in delivery, above all in Italy."

Speaking at the annual meeting, Mr. Cantarella said it was difficult to predict next year's car market without knowing whether the government would extend the incentives beyond September.

He said it was likely that, without the incentives, the market would fall to the 1.7 million cars sold in 1996.

Meanwhile, Mr. Romiti reaffirmed his intention to work until he turns 75 in 1998.

Mr. Romiti took over as chairman in February 1994 from Gianni Agnelli, whose family founded and controls Fiat.

Some shareholders had questioned Mr. Romiti's staying power after his April conviction for doctoring company books to hide a political slush fund. Mr. Romiti is appealing his conviction and 18-month suspended sentence.

Separately, Fiat said it had found a partner in India, which it did not name, to build its Palio model, and that it was in talks with two companies to build the car in China.

Fiat started production of the Palio in Brazil last year, and in Argentina this year. It intends to build the car in Mexico, Venezuela, South Africa, Turkey, Morocco Poland and Vietnam.

(Reuters, Bloomberg, AFP)

Opel Plans New Car

Reuters

FRANKFURT — The German car maker Adam Opel AG said Monday it was developing a new small car to compete with Volkswagen AG and Ford Motor Co. in that highly competitive market segment.

David Herman, the head of Opel, also said the carmaker would defend its European market position despite plans by its parent, General Motors Corp., to use Opel to launch an ambitious global expansion plan.

Mr. Herman said the new car would compete against the Seat Arosa, which was unveiled in March at the Geneva car show, and against the two-door Ford Ka. Seat is a Volkswagen subsidiary.

"We are seriously working on such a project," Mr. Herman said. But, he added, "their concepts are different from ours," when comparing the Opel car under development compared with the VW and Ford models.

He declined to comment on when the car might be introduced into the European market.

Opel has also unveiled its new seven-seater Zafira compact van, which will be unveiled at the Frankfurt car show in September and introduced into the European market in late 1998.

The vehicle will have a price of less than 32,000 Deutsche marks ($18,400).

"We expect the Zafira to be a hot model and to redefine the compact van market in Europe," Mr. Herman said.

He said the company would keep building vehicles to meet German and European requirements and that the international expansion plan was critical to securing Opel's future.

"Anyone who says you can afford somehow to turn your eyes away from Germany and Europe is making a mistake," said Mr. Herman, whose contract was renewed last week for another five years.

A weekend report in Der Spiegel magazine said an internal survey of top GM officials in Europe criticized GM's expansion strategy, saying the car maker needed to devote more resources to European product development and quality measures.

Opel, like Volkswagen and Ford, has seen its market share erode this year and is under pressure to offer new products to regain lost sales.

Opel reported that sales dropped 4 percent to 689,694 vehicles.

"All of the volume makers have lost market share. But on a relative basis we have not really lost ground." Mr. Herman said. "Our ambition is to be at about 12 percent at the end of the year."

Mr. Herman said one reason for Opel's slow sales was intense price pressure and big sales incentives from Asian makers, which boosted their market share to 11.4 percent in the first five months of 1997 from 10.7 percent.

"The European car market certainly does not provide much reason for optimism, either from a volume standpoint or from the dynamics within it," he said.

Psion Shares Fall as Buyers Await New Models

Compiled by Our Staff From Dispatches

LONDON — Shares in Psion PLC fell 19 percent Monday after the world's leading maker of handheld computers said sales had slowed because consumers were waiting for new models.

Psion, which introduced the first handheld electronic organizer 13 years ago, said its new checkbook-sized Series 5 product was "light years" ahead of its rivals.

But David Potter, the company's chairman, said performance would be affected until the new 32-bit computers become established.

That sent Psion shares down 97.5 pence to 407.5 pence in late afternoon trading.

Keith Woolcock, an analyst at Merrill Lynch, said, "It's not inconceivable that Psion could earn less profit this year than last year."

The strength of the British pound has knocked about three percentage points off gross margins and with the promise of a new product, sales of older computers had turned sluggish, analysts said.

"The new machines will not be in a position to be sold in volumes before the autumn — so Psion is going to have a big problem." Mr. Woolcock noted.

Psion said its new model would be the first fully functional, pen-oriented, portable computer that fits into a hand.

The company said sales of its 16-bit products, the Series 3 and Siena, slowed in May and June because consumers have waited for the introduction of the Series 5.

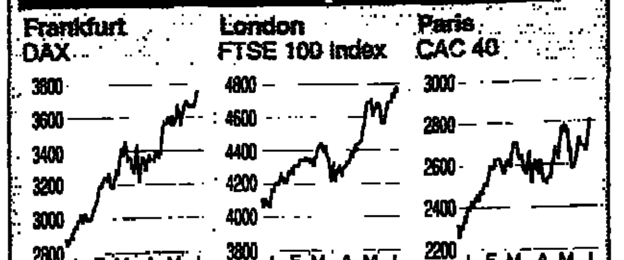
The company's performance "will be affected until the Series 5 becomes established in its markets," Mr. Potter said.

He said he expected the Series 5 to account for as much as 40 percent to 50 percent of Psion's total sales in 1998. Series 5, which will be distributed to about 50 countries in the next six months, will have a keyboard big enough for touch-typing, a touch-sensitive screen and a built-in tape recorder for dictation.

Psion leads the world market for palm-top computers with 27 percent, of the world market for according to Dataquest Corp. It is under attack, however, by Microsoft Corp., the world's largest software company.

Microsoft last year said that several major computer makers will market handheld devices based on its Windows CE operating system, a modified version of Windows 95. *(Reuters, Bloomberg)*

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	849.99	846.09	+0.48
Brussels	BEL-20	2,387.40	2,400.36	-0.54
Frankfurt	DAX	3,765.11	3,744.44	+0.55
Copenhagen	Stock Market	589.39	589.28	+0.02
Helsinki	HEX General	3,137.48	3,143.51	-0.19
Oslo	OBX	637.79	644.33	-1.02
London	FTSE 100	4,745.10	4,783.10	-0.79
Madrid	Stock Exchange	578.38	583.32	-0.85
Milan	MIBTEL	12754	12761	-0.05
Paris	CAC 40	2,795.87	2,808.52	-0.45
Stockholm	SX 16	3,165.40	3,166.48	-0.03
Vienna	ATX	1,307.97	1,302.29	+0.44
Zurich	SPI	3,406.80	3,420.56	-0.40

Source: Telekurs — International Herald Tribune

Very briefly:

- **Norwich Union PLC's** shares rose 11.9 percent in their first day of trading, to 324.5 pence ($5.31), up 34.5, after a public offering that was reduced in size because of strong demand from the insurance company's policyholders and then was 10 times oversubscribed.
- **German** prosecutors started an investigation of two former executives of the shipyard group Bremer Vulkan Verbund AG, which went bankrupt a year ago.
- **Sabena SA** plans to conclude by January a deal on relocating its pilots to another country to avoid paying Belgian social security taxes. The airline also said it was on course for a break-even result in 1998.
- **RAO Gazprom** signed an agreement with **Credit Lyonnais SA** and **Dresdner Kleinwort Benson** to borrow $4 billion to finance a pipeline to Western Europe, to develop gas fields in Russia and to pay its tax bill.
- **AO Lukoil Holding's** first-quarter net profit rose 11.5 percent, to 757 billion rubles ($131.4 million), on increased oil output and exports.
- ***Sulzer AG**, a Swiss conglomerate, will begin selling a 24 percent stake in Sulzermedica, the medical-devices division that is its most profitable unit, on June 30. The company expects to raise about 750 million Swiss francs ($518.6 million) from the sale.*
- **British Steel PLC's** pretax profit fell to £451 million ($737.6 million) for the year from £1.1 billion the year before, partly because of a sharp rise in the value of the pound.
- **Abbey National PLC** is holding talks to acquire **Cater Allen Holdings PLC**, a financial-services company.
- **EVC International NV**, Europe's largest vinyl producer, said its German unit would buy a 51 percent stake in **Capri-hans India Ltd.** in its first move to expand outside Europe. No purchase price was given. *Bloomberg, AFP, Reuters*

WORLD STOCK MARKETS

Monday, June 16
Prices in local currencies.
Telekurs

Amsterdam — AEX index: 849.99, Previous: 846.09

	High	Low	Close	Prev.
ABN-AMRO	37.60	37.30	37.60	37.50
Aegon	142.60	140.90	141.40	142
Ahold	163	159.20	160	161.70
Akzo Nobel	265.50	261.50	262.10	266
Baan Co.	117.40	116.40	116.60	117.90
Bols Wess cva	38	37.60	37.90	37.50
CSM cva	103.50	102	101.70	103
Dordtsche Pet	415.40	408	414	408.60
DSM	194	190.30	191.50	194.20
Elsevier	33.60	33.20	33.40	33.90
Fortis Amev	83.90	82.90	83.20	83.10
Getronics	65.80	64.80	65.30	65.90
G-Broc cva	66.50	66.10	66.10	66.50
Hagemeyer	107.90	103.20	104.50	106.70
Heineken	348.20	340.50	345.50	342.70
Hoogovens cva	104.30	103.10	103.90	104.20
Hunt Douglas	168.30	166.50	167.50	167.70
ING Group	91.20	90.30	90.70	91.30
KLM	56.90	56.30	56.40	56.60
KNP BT	43.80	43.20	43.60	43.70
KPN	75.90	75.20	75.70	74.90
Nedlloyd Gp	51.40	49.60	51.40	49.70
Nutricia	309.50	307.30	309	309.80
Oce Grinten	257.90	255.50	257.50	257.90
Philips Elec	121.20	117.80	121	116.40
Polygram	106.80	100	105.20	99.80
Randstad Hdg	199.50	198.50	199.50	199.10
Robeco	184.60	183.20	183.20	182.70
Rodamco	65.10	64.30	65.10	64.10
Rolinco	186.50	186	186	184.20
Rorento	113.40	113	113	113.20
Royal Dutch	406	400.30	406	399.30
Unilever cva	404.60	399.20	404.40	400.60
Vendex Intl	107.60	106.70	107.30	107.10
VNU	48.20	46.50	47	47.90
Wolters Kl cva	245.20	241.50	244.60	242.90

Bangkok — SET index: 511.55, Previous: 515.48

	High	Low	Close	Prev.
Adv Info Svc	153	147	149	153
Bangkok Bk F	202	186	190	196
Krung Thai Bk	28	27.50	27.75	27.75
PTT Explor	320	314	320	318
Siam Cement F	470	460	462	470
Siam Com Bk F	102	98.50	99.50	104
Telecomasia	26.75	25	26.75	25.25
Thai Airways	32.50	32	32.25	32.25
Thai Farm Bk F	112	104	105	112
Utd Comm	85	79	81.50	84.50

Bombay — Sensex 30 index: 4025.41, Previous: 4029.99

	High	Low	Close	Prev.
Bajaj Auto	920	906	914	894.75
Hindust Lever	1361.75	1280	1335.75	1300.25
Hindust Petm	459	451	453.50	457.75
Ind Dev Bk	98.75	96.25	97	97.50
ITC	535	481.75	481.75	535
Mahanagar Tel	316.75	306.75	313.75	303
Reliance Ind	323.50	314.50	317	319.50
State Bk India	324	225.75	227.75	318.50
Steel Authority	19.50	18.50	18.75	19.75
Tata Eng Loco	439	423	429.25	422.50

Brussels — BEL-20 index: 2387.40, Previous: 2400.36

	High	Low	Close	Prev.
Almanij	16975	16650	16650	16850
Banco Ind	6900	6830	6860	6830
BBL	9830	9770	9810	9900
CBR	3510	3420	3500	3525
Colruyt	16825	16550	16575	16800
Delhaize Lion	1875	1850	1860	1870
Electrabel	7710	7640	7680	7710
Electrafina	3590	3540	3540	3585
Fortis AG	7150	7060	7100	7120
Gevaert	3390	3350	3325	3385
GBL	6020	5950	6000	5990
Gen Banque	14625	14525	14525	14550
Kredietbank	15750	15250	15475	15800
Petrofina	12975	12875	12950	12925
Powerfin	5000	4970	5000	5000
Royale Belge	9970	9870	9900	9950
Soc Gen Belg	3550	3470	3500	3545
Solvay	22875	22450	22550	22850
Tractebel	15100	15000	15000	15100
UCB	117800	114000	114500	115000

Copenhagen — Stock index: 589.39, Previous: 589.28

	High	Low	Close	Prev.
BG Bank	329	325	326	330
Codan B	378	374.63	375	377
Dan Foss	890	885	890	890
Danisco	423	416	423	419
Den Danske Bk	631	623	629	628
D/S Svendborg B	346000	341658	346080	346000
D/S 1912 B	243800	242000	242242	244000
FLS Ind B	N.T.	N.T.	N.T.	1020
Kob Lufthavn	720	720	720	717
Novo Nordisk B	730	720.56	724	725
Sophus Ber B	985	979	980	984
Tele Danmark B	362	352	353	359
Tryg Baltica	358	355	356	360
Unidanmark A	364	359	364	357

Frankfurt — DAX: 3765.11, Previous: 3744.44

	High	Low	Close	Prev.
AMB B	1425	1415	1425	1390
Adidas	203.50	200.50	203	198.70
Allianz Hdg	391	383.50	391	381.30
Altana	1690	1660	1660	1669
Bk Berlin	38.65	38.50	38.55	38
BASF	65.85	65	65.30	65.25
Bayer Hypo Bk	54.75	54.02	54.15	54.60
Bay.Vereinsbank	74	72.20	73.50	72.50
Bayer	68.60	67.40	67.60	67.25
Beiersdorf	92	90.50	91.50	91.30
Bewag	42.50	41.90	41.95	42.50
BMW	1442	1424	1424	1432
CKAG Colonia	168.50	168	168	167
Commerzbank	49.95	49.70	49.85	50.10
Daimler Benz	138.75	137.50	137.70	136.95
Degussa	94.70	93	93.30	94.60
Deutsche Bank	100.35	99.75	99.75	100.40
Deut Telekom	42.15	41.75	41.75	41.75
Dresdner Bank	62.60	61.90	62.10	62.20
Fresenius	381.50	380	381	381
Fresenius Med	157.80	156	157.05	140.70
Fried. Krupp	352	350	350	350
Gehe	124.90	121.50	121.50	124.50
Heidelbg Zmt	166.50	165	166.50	163.80
Henkel pfd	99.50	98.20	99.30	99.60
HEW	479.90	479.90	479.90	479.90
Hochtief	77	76.30	76.38	74.60
Hoechst	71.15	70.05	70.65	69.40
Karstadt	669	662	667	668.50
Lahmeyer	81.90	81.30	81.70	81
Linde	1330	1322	1328	1292
Lufthansa	31.80	31.50	31.80	31.65
MAN	536	531	535.50	516.50
Mannesmann	752	744.50	745.50	750
Metallgesellschaft	37.70	37	37	37.70
Metro	196	193.50	195.80	193.85
Munch Rueck R	5002	4950	4950	4960
Preussag	525.50	519	519	522
RWE	76	74.90	75.80	74.75
SAP pfd	323.50	319	320.80	321
Schering	192.90	190.80	191.80	191.50
SGL Carbon	243.50	241.50	241.75	243.10
Siemens	100.60	100.05	100.40	99.96
Springer (Axel)	1510	1510	1510	1510
Suedzucker	970	966	969.50	970
Thyssen	414.50	411.50	411.50	410
Veba	100.45	99.55	99.60	98.80
VEW	548	540	545	542
Viag	825	815	817	818
Volkswagen	1206	1201	1202	1199

Helsinki — HEX General index: 3137.48, Previous: 3143.51

	High	Low	Close	Prev.
Enso A	47.40	47.40	47.40	47
Huhtamaki I	228	224	224	225
Kemira	50.40	49.50	50	50.40
Kesko	75.50	75	75.20	75
Merita A	16.90	16.20	16.30	16.50
Metra B	148	147.50	148	147.50
Metso-Serla B	42	41.50	41.50	41.60
Neste	138	136	138	137
Nokia A	367	364	364.90	364.50
Orion-Yhtymae	202	197.50	197.50	202
Outokumpu A	107	106	106.50	107
UPM-Kymmene	124	123.20	123.30	123.90
Valmet	90.50	89	89.70	90

Hong Kong — Hang Seng: 14394.68, Previous: 14112.68

	High	Low	Close	Prev.
Amoy Props	7.95	7.85	7.90	7.80
Bk East Asia	29	28.30	28.65	28.30
Cathay Pacific	12.85	12.70	12.85	12.55
Cheung Kong	74	72	73.75	72.50
CK Infrastruct	23.70	23.20	23.45	23.20
China Light	43.20	42.60	43.20	42.60
Citic Pacific	46.90	45.60	45.90	45.40
Dao Heng Bk	39.50	39	39.20	39
First Pacific	9.55	9.35	9.40	9.35
Hang Lung Dev	14.40	14.25	14.35	14.20
Hang Seng Bk	92.25	89.50	92.25	88.50
Henderson Inv	8.50	8.05	8.25	8.05
Henderson Ld	67	65	66.25	65.50
HK China Gas	14.90	14.40	14.90	14.40
HK Electric	30.90	29.45	30.90	29.40
HK Telecomm	16.90	16.40	16.90	16.35
Hopewell Hldgs	4.05	3.98	4	4
HSBC Hldgs	233	229	231	230
Hutchison Wh	62.50	61	62.25	60.75
Hysan Dev	23.10	22.70	23.05	22.50
Johnson El Hdg	20.25	19.75	20.10	19.70
Kerry Props	18.70	18.55	18.45	18.80
New World Dev	46.70	44.60	46.10	45
Oriental Press	2.48	2.45	2.45	2.45
Pearl Oriental	1.42	1.15	1.21	1.36
SHK Props	89	85.25	88.25	86
Shun Tak Hdgs	4.90	4.80	4.83	4.78
Sino Land Co.	8.45	8.25	8.45	8.40
Sth China Post	7.25	7.25	7.25	7.25
Swire Pac A	66.25	65	65.75	65
Wharf Hdgs	32.70	31.80	32.70	32
Wheelock	18.20	17.70	17.75	17.60

Market Closed

The Johannesburg stock market was closed Monday for a holiday.

Jakarta — Composite index: 705.29, Previous: 698.61

	High	Low	Close	Prev.
Astra Intl	7100	7000	7050	6950
Bk Intl Indon	2175	2050	2150	2000
Bk Negara	1575	1550	1575	1600
Gudang Garm	10500	10400	10425	10300
Indocement	3250	3150	3250	3150
Indofood	5650	5525	5550	5500
Indosat	7500	7400	7500	7400
Sampoerna HM	10150	9975	10075	10080
Semen Gresik	5425	5375	5400	5480
Telekomunikasi	4000	3950	3975	3975

Kuala Lumpur — Composite: 1077.49, Previous: 1078.30

	High	Low	Close	Prev.
AMMB Hdgs	16.20	15.80	16.20	17.20
Genting	13	12.80	13	13.10
Mal Banking	26	25	25.50	27.25
Mal Intl Ship F	6.30	6.20	6.20	5.95
Petronas Gas	9.30	9	9.30	9.30
Proton	12.90	12.70	12.80	13
Public Bk	3.90	3.86	3.88	3.94
Renong	3.30	3.18	3.18	3.40
Resorts World	8.15	8.05	8.10	8.50
Rothmans PM	27	25.25	27	25.75
Sime Darby	8.60	8.05	8.40	8.40
Telekom Mal	12	11.30	11.80	12.50
Tenaga	11.70	11.30	11.40	12.10
Utd Engineers	18.80	18.30	18.40	20.10
YTL	8.90	8.80	8.80	8.95

London — FT-SE 100: 4745.10, Previous: 4783.10

	High	Low	Close	Prev.
Abbey Natl	8.92	0.09	0.09	8.98
Allied Domecq	4.25	4.17	4.20	4.25
Anglian Water	6.65	6.50	6.53	6.62
Argos	5.97	5.85	5.88	5.90
Asda Group	1.26	1.23	1.24	1.24
Assoc Br Foods	5.75	5.70	5.74	5.72
BAA	5.93	5.78	5.85	5.92
Barclays	12.46	12.06	12.13	12.52
Bass	7.68	7.58	7.63	7.68
BAT Ind	5.90	5.83	5.88	5.91
Bank Scotland	3.95	3.80	3.83	4.01
Blue Circle	4.46	4.38	4.42	4.48
BOC Group	10.82	10.70	10.75	10.81
Boots	7.47	7.35	7.45	7.56
BPB Ind	3.48	3.42	3.44	3.48
Brit Aerosp	13.95	13.75	13.82	13.86
Brit Airways	7.33	7.23	7.29	7.33
BG	2.18	2.12	2.18	2.16
Brit Land	5.83	5.70	5.75	5.83
Brit Petm	7.63	7.53	7.59	7.56
BSkyB	5.97	5.85	5.90	5.95
Brit Steel	1.65	0.10	1.59	1.62
Brit Telecom	4.62	4.52	4.58	4.71
BTR	1.93	1.85	1.89	1.90
Burmah Castrol	10.45	10.40	10.41	10.40
Burton Gp	1.33	1.28	1.32	1.21
Cable Wireless	5.64	5.53	5.61	5.57
Cadbury Schw	5.38	5.32	5.36	5.38
Carlton Comm	5.15	5	5.04	5.07
Comml Union	7.10	7.02	7.06	7.05
Compass Gp	7.15	7.08	7.09	7.15
Courtaulds	3.60	3.49	3.52	3.57
Dixons	5.25	5.14	5.21	5.19
Electrocomponents	4.38	4.29	4.38	4.35
EMI Group	11.93	11.60	11.71	11.93
Energy Group	6.52	6.36	6.42	6.45
Enterprise Oil	6.77	6.72	6.75	6.80
Fam Colonial	1.70	1.68	1.69	1.70
Genl Accident	9.45	9.33	9.37	9.48
GEC	3.76	3.65	3.68	3.75
GKN	10.62	10.47	10.60	10.57
Glaxo Wellcome	12.85	12.58	12.68	12.82
Granada Gp	8.94	8.70	8.76	8.99
Grand Met	5.68	5.60	5.66	5.66
GRE	2.87	2.77	2.79	2.87
Greenalls Gp	4.57	4.53	4.55	4.56
Guinness	5.83	5.75	5.80	5.80
GUS	7	6.82	6.88	7.01
Hays	5.92	5.83	5.85	5.92
HSBC Hldgs	18.29	18.11	18.19	18.20
ICI	8.60	8.48	8.55	8.63
Impl Tobacco	4.17	4.08	4.10	4.18
Kingfisher	7.51	7.23	7.26	7.35
Ladbroke	2.52	2.46	2.49	2.48
Land Sec	8.70	8.60	8.67	8.78
Lasmo	2.70	2.65	2.68	2.72
Legal Genl Grp	4.48	4.33	4.36	4.48
Lloyds TSB Gp	6.64	6.20	6.30	6.40
LucasVarity	2.10	2.05	2.09	2.08
Marks Spencer	5.36	5.28	5.35	5.33
MEPC	5.15	4.98	5.02	5.17
Mercury Asset	13.25	13.08	13.13	13.29
National Grid	2.26	2.20	2.24	2.24
Natl Power	5.20	5.08	5.12	5.18
NatWest	8.21	7.52	7.55	7.98
Next	7.51	7.40	7.43	7.51
Orange	2.14	2.09	2.13	2.14
P&O	6.27	6.20	6.25	6.27
Pearson	7.15	7.05	7.12	7.18
Pilkington	1.32	1.22	1.29	1.30
PowerGen	6.98	6.88	6.94	7.02
Premier Farnell	4.70	4.60	4.61	4.64
Prudential	6.40	6.10	6.20	6.33
Railtrack Gp	6.36	6.22	6.26	6.53
Rank Group	3.97	3.85	3.88	3.85
Reckitt Colm	8.97	8.77	8.94	8.84
Redland	3.60	3.53	3.59	3.60
Reed Intl	6.05	5.98	6.02	6.06
Rentokil Initial	2.35	2.30	2.33	2.36
Reuters Hdgs	7.07	6.92	7.03	6.97
Rexam	2.78	2.75	2.77	2.77
RMC Group	10.10	9.95	10.03	10.12
Rolls Royce	2.72	2.54	2.59	2.66
Royal Bk Scot	6.37	6.21	6.25	6.46
RTZ reg	11.10	10.90	11.05	10.95
Royal & Sun All	4.89	4.78	4.80	4.94
Safeway	3.68	3.62	3.65	3.64
Sainsbury	3.73	3.68	3.70	3.75
Schroders	16.75	16.55	16.63	16.70
Scot Newcastle	6.67	6.62	6.66	6.68
Scot Power	3.96	3.87	3.90	3.96
Securicor	2.89	2.85	2.86	2.86
Severn Trent	7.42	7.38	7.41	7.70
Shell Transp R	12.79	12.52	12.68	12.58
Siebe	9.72	9.63	9.68	9.71
Smith Nephew	1.82	1.75	1.81	1.77
SmithKline	10.98	10.82	10.98	11.01
Smiths Ind	8.22	8.17	8.19	8.15
Sthern Elec	4.31	4.15	4.18	4.36
Stagecoach	6.85	6.76	6.76	6.86
Stand Charter	9.55	9.25	9.29	9.55
Tate & Lyle	4.64	4.57	4.63	4.61
Tesco	3.89	3.84	3.86	3.87
Thames Water	6.75	6.65	6.71	6.74
3i Group	5.22	5.16	5.20	5.26
TI Group	5.57	5.51	5.55	5.55
Tomkins	2.63	2.55	2.63	2.60
Unilever	17.35	16.98	17.25	17.10
Utd Assurance	4.70	4.65	4.67	4.65
Utd News	7.92	7.81	7.86	7.85
Utd Utilities	6.58	6.38	6.54	6.49
Vendome Lx uts	4.47	4.43	4.43	4.47
Vodafone	3.04	2.95	3.01	2.98
Whitbread	7.73	7.67	7.71	7.73
Williams Hdgs	3.25	3.18	3.18	3.24
Wolseley	5.03	4.97	5	5.10
WPP Group	2.66	2.60	2.63	2.60
Zeneca	19.46	18.62	19.38	19.46

Madrid — Bolsa index: 578.38, Previous: 583.32

	High	Low	Close	Prev.
Acerinox	28840	27500	27900	28590
ACESA	1910	1865	1875	1885
Aguas Barcelon	5970	5840	5910	5940
Argentaria	8250	8150	8200	8230
BBV	11490	11300	11340	11420
Banesto	1515	1480	1480	1525
Bankinter	25700	25300	25300	25590
Bco Centro Hisp	5020	4970	5010	4990
Bco Popular	32350	31910	31910	32370
Bco Santander	4525	4430	4440	4490
CEPSA	5190	5100	5120	5160
Continente	2920	2850	2900	2905
Corp Mapfre	7890	7690	7700	7680
Endesa	11330	11110	11130	11240
FECSA	1350	1320	1330	1350
Gas Natural	30500	30010	30240	29930
Iberdrola	1835	1765	1770	1810
Pryca	2890	2830	2855	2845
Repsol	6450	6360	6390	6410
Sevillana Elec	1445	1415	1415	1440
Tabacalera	7780	7520	7530	7710
Telefonica	4400	4310	4330	4365
Union Fenosa	1320	1300	1300	1310
Valenc Cement	2100	2060	2095	2095

Manila — PSE index: 2790.86, Previous: 2881.41

	High	Low	Close	Prev.
Ayala B	19	19	19	19.25
Ayala Land	21.50	21.50	21.50	21.50
Bk Philip Isl	167	165	167	166
C&P Homes	10	9.80	9.90	9.90
Manila Elec A	93.50	92.50	93	93
Metro Bank	555	545	550	545
Petron	7.50	7.20	7.30	7.50
PCIBank	255	252.50	252.50	252.50
Phil Long Dist	835	825	830	825
San Miguel B	72.50	71.50	72	73
SM Prime Hdg	7.80	7.50	7.60	7.70

Mexico — Bolsa index: 4239.89, Previous: 4244.63

	High	Low	Close	Prev.
Alfa A	50.10	49.80	50.10	50.20
Banacci B	21.45	20.80	20.80	21.00
Cemex CPO	31.90	31.50	31.55	31.70
Cifra C	11.90	11.48	11.46	11.90
Emp Modema	39.10	39.00	39.00	39.10
Gpo Carso A1	47.50	47.10	47.25	47.90
Gpo F Bcomer	2.02	1.98	2.02	1.97
Gpo Fin Inbursa	28.45	28.35	28.35	28.40
Kimb Clark Mex	31.55	31.10	31.30	31.30
Televisa CPO	117.60	117.50	117.60	117.50
TelMex L	19.02	18.88	18.92	18.90

Milan — MIB Telematico: 12754.00, Previous: 12761.00

	High	Low	Close	Prev.
Alleanza Assic	12260	11905	12100	12075
Bca Comm Ital	3650	3590	3615	3570
Bca Fideuram	4690	4415	4495	4500
Bca di Roma	1251	1210	1210	1217
Benetton	25700	25000	25100	25450
Credito Italiano	2935	2870	2895	2900
Edison	8300	8170	8240	8175
ENI	9330	9130	9205	9255
Fiat	6160	6030	6140	6030
Generali Assic	30500	29600	29750	30300
IMI	15850	15518	15740	15300
INA	2695	2600	2610	2675
Italgas	5570	5400	5420	5440
Mediaset	7490	7260	7270	7385
Mediobanca	10300	10110	10170	10005
Montedison	1096	1081	1081	1082
Olivetti	499.50	472	475	482
Parmalat	2510	2460	2480	2470
Pirelli	4145	4000	4030	4060
RAS	14090	13650	13650	13905
Rolo Banca	19000	18710	18725	18840
S Paolo Torino	11320	11065	11255	11250
Stet	9430	9230	9300	9160
Telecom Italia	5120	5000	5005	4960
TIM	5550	5400	5440	5420

Montreal — Industrials index: 3341.63, Previous: 3259.52

	High	Low	Close	Prev.
Bce Mob Com	42.85	42.10	42¼	42¼
Cdn Tire A	27	26.80	27	27.05
Cdn Util A	36¼	35.60	35.60	36.15
CT Finl Svc	35½	35¼	35½	35¾
Gaz Metro	17½	17.40	17½	17½
Gt-West Lifeco	32.90	32¼	32.55	33
Imasco	40½	40.10	40.10	40.40
Investors Grp	30	30	30	29.35
Loblaw Cos	22	21¾	21½	21.15
Natl Bk Canada	17.45	17.30	17.30	17.40
Power Corp	34	33¾	34	33½
Power Finl	34	33.55	33.95	33
Quebecor B	26.60	26.35	26.40	26.40
Rogers Comm B	10	9½	9½	10
Royal Bk Cda	60.60	60.40	60½	60.30

Oslo — OBX index: 637.79, Previous: 644.33

	High	Low	Close	Prev.
Aker A	137	135	135	134.50
Bergesen Dy A	175	169	170	174
Christiania Bk	24.30	24	24.10	24.20
Den norske Bk	29	28.80	28.90	29.20
Elkem	140	139.50	140	140
Hafslund A	45	44.50	45	44.50
Kvaerner Asa	420	414	417	419
Norsk Hydro	384	379	381.50	386
Norske Skog A	257	255	257	260
Nycomed A	109	104	105.50	109
Orkla Asa A	552	542	546	540
Petm GeoSvc	317	313	316	315
Saga Petm A	140	139	139	140
Schibsted	145	140	144	140
Transocean Off	517	515	515	505
Storebrand Asa	46.20	45.50	45.80	46

Paris — CAC-40: 2795.87, Previous: 2808.52

	High	Low	Close	Prev.
Accor	905	889	899	887
AGF	182.40	180	180.80	181.40
Air Liquide	960	946	952	968
Alcatel Alsth	674	664	669	665
Axa-UAP	371	364.20	369.70	368.30
Bancaire	717	702	716	710
BIC	962	945	952	945
BNP	241.40	236.20	238	238.90
Canal Plus	1049	1035	1045	1030
Carrefour	4265	4201	4224	4285
Casino	285.10	278.20	280	283.10
CCF	246	243.10	244.20	244
Cetelem	680	666	678	677
Christian Dior	952	934	938	950
CLF-Dexia Fran	582	566	580	575
Credit Agricole	1280	1252	1280	1275
Danone	991	977	981	986
Elf-Aquitaine	656	636	638	651
Eridania BS	895	882	887	881
Eurodisney	9.20	9.10	9.20	9.15
Eurotunnel	6.75	6.55	6.75	6.45
Gen. Eaux	760	742	754	756
Havas	425	416.10	420.90	421.80
Imetal	810	798	800	798
Lafarge	391.80	381	381	390.90
Legrand	1088	1054	1085	1080
L'Oreal	2378	2292	2297	2325
LVMH	1560	1531	1536	1548
Lyon. Eaux	579	570	570	571
Michelin B	340	331	338	338
Paribas A	395.40	390	393.50	390.90
Pernod Ricard	314	301	304	312.10
Peugeot Cit	610	595	608	603
Pinault-Print	2865	2805	2821	2845
Promodes	2188	2143	2151	2175
Renault	150	146	148.80	147.90
Rexel	1719	1681	1701	1710
Rh-Poulenc A	206.20	198	198.90	204
Sanofi	560	546	557	553
Schneider	322.60	319.60	320	321
SEB	1055	1030	1040	1041
SGS Thomson	453.80	447.20	452	446
Ste Generale	642	635	640	640
Sodexho	2915	2871	2912	2897
St Gobain	857	845	857	850
Suez	300.80	295.50	297.40	296.40
Synthelabo	716	700	701	708
Thomson CSF	158.80	155	156	157.90
Total B	575	560	561	566
Usinor	101	98.35	99.20	99.10
Valeo	377	372.40	375	371

São Paulo — Bovespa index: 11768.60, Previous: 11828.40

	High	Low	Close	Prev.
Bradesco Pfd	9.45	9.25	9.30	9.40
Brahma Pfd	820.00	814.00	815.00	814.00
Cemig Pfd	58.00	56.00	56.50	57.20
CESP Pfd	79.03	75.90	77.50	76.50
Copel	18.00	17.51	18.00	18.00
Eletrobras	570.00	550.00	565.00	552.00
Itaubanco Pfd	577.00	560.00	570.00	575.00
Light Servicos	547.50	535.00	535.00	546.00
Lightpar	440.00	430.01	439.50	449.99
Petrobras Pfd	303.00	298.00	300.00	302.00
Paulista Luz	186.00	178.51	178.51	180.00
Sid Nacional	35.00	34.50	34.50	35.00
Souza Cruz	11.15	11.00	11.15	11.10
Telebras Pfd	150.80	148.60	148.90	151.00
Telemig	184.00	182.00	182.00	188.00
Telerj	173.00	170.00	171.970	174.00
Telesp Pfd	353.00	345.00	345.00	353.00
Unibanco	40.50	40.50	40.50	40.51
Usiminas Pfd	1.10	1.04	1.08	1.03
CVRD Pfd	25.20	24.70	24.70	25.20

Seoul — Composite index: 789.85, Previous: 789.15

	High	Low	Close	Prev.
Dacom	97500	94000	95500	93000
Daewoo Heavy	8400	8080	8310	8150
Hyundai Eng.	26700	24800	26700	23000
Kia Motors	16100	15800	15900	15800
Korea El Pwr	30000	29300	29500	29900
Korea Exch Bk	7700	6970	7000	7500
Korea Mob Tel	413000	370000	403000	380000
LG Semicon	40300	37500	39900	39000
Pohang Iron St	61500	59700	60600	60000
Samsung Display	48900	46500	47800	46000
Samsung Elec	70500	68000	69000	68900
Shinhan Bank	12800	12200	12400	11800

Singapore — Straits Times: 1991.88, Previous: 1990.72

	High	Low	Close	Prev.
Asia Pac Brew	6.30	6.25	6.25	6.35
Cerebos Pac	6.85	6.75	6.85	6.75
City Devlts	13.70	13.50	13.60	13.80
Cycle Carriage	14.40	13.70	14.30	13.90
Dairy Farm Int*	0.70	0.68	0.68	0.69
DBS foreign	18.20	18	18	18.20
DBS Land	4.74	4.64	4.72	4.64
Fraser & Neave	10.50	10	10.30	10.50
HK Land*	2.61	2.56	2.59	2.57
Jard Matheson*	7.45	7.25	7.45	7.45
Jard Strategic*	3.86	3.80	3.86	3.80
Keppel	6.25	6.10	6.20	6.20
Keppel Bank	3.78	3.74	3.76	3.76
Keppel Fels	4.82	4.78	4.82	4.80
Keppel Land	3.94	3.86	3.96	3.88
OCBC foreign	15.30	15	15	15.20
OS Union Bk F	8.75	8.45	8.60	8.70
Parkway Hdgs	6.65	6.55	6.60	6.45
Sembawang	6.60	6.50	6.60	6.45
Sing Air foreign	12.40	12.10	12.30	12.30
Sing Land	6.60	6.40	6.45	6.55
Sing Press F	27.70	27.50	27.60	27.80
Sing Tech Ind	3.98	3.94	3.96	3.98
Sing Telecomm	2.50	2.45	2.47	2.49
Tat Lee Bank	3.32	3.28	3.28	3.32
Utd Industrial	1.10	1.05	1.07	1.11
Utd OSea Bk F	15.40	15	15.30	15.30
Wing Tai Hdgs	4.24	4.18	4.20	4.24

*: in U.S. dollars.

Stockholm — SX 16 index: 3165.40, Previous: 3166.48

	High	Low	Close	Prev.
AGA B	102	101	101	101.50
ABB A	110.50	107	107.50	111.50
AssiDoman	222	221	221	221.50
Astra A	130	127	130	128
Atlas Copco A	208	204	205.50	208
Autoliv	308	299	299.50	308
Electrolux B	595	571	582	592
Ericsson B	302.50	297.50	302	299.50
Hennes B	293	271.50	285.50	267
Incentive A	724	720	724	720
Investor B	396	391	392.50	393
MoDo B	249	246.50	248	248.50
Nordbanken	240	224	237	235
Pharm/Upjohn	263	257	261	258
Sandvik B	213.50	211.50	212	211
Scania B	238.50	232	233	240
SCA B	162	159.50	160	160
S-E Banken A	83.50	82.50	82.50	83
Skandia Fors	273	269	271	273
Skanska B	359	350	356	350
SKF B	195	186.50	192.50	186.50
Sparbanken A	169	163	165.50	164
Stadshypotek A	190	190	190	190
Stora A	121	120	120.50	120
Sv Handles A	230	225	227.50	226
Volvo B	208.50	202	203	206.50

Sydney — All Ordinaries: 2449.30, Previous: 2455.30

	High	Low	Close	Prev.
Amcor	8.49	8.38	8.40	8.47
ANZ Bkng	9.90	9.70	9.85	9.65
BHP	18.95	18.85	18.90	18.89
Boral	4.25	4.11	4.22	4.10
Brambles Ind.	26.24	25.40	26.08	25.40
CBA	15	14.51	15	14.54
CC Amatil	15.99	15.77	15.90	15.65
Coles Myer	6.65	6.55	6.62	6.54
Comalco	7.30	7.25	7.25	7.30
CSR	5.25	5.08	5.17	5.13
Fosters Brew	2.54	2.50	2.51	2.51
Goodman Fld	1.82	1.78	1.80	1.81
ICI Australia	12.25	12.09	12.18	12.05
Lend Lease	26.60	26.35	26.55	26.30
MIM Hdgs	1.95	1.92	1.92	1.94
Nat Aust Bank	18.85	18.70	18.78	18.73
Nat Mutual Hdg	2	1.98	2	1.98
News Corp	6.19	6.12	6.12	6.14
Pacific Dunlop	3.71	3.66	3.69	3.68
Pioneer Int'l	4.76	4.68	4.68	4.70
Pub Broadcast	7.25	7	7.24	7
Rio Tinto	22.61	22.30	22.61	22.29
St George Bank	8.30	8.13	8.28	8.13
WMC	8.34	8.26	8.27	8.26
Westpac Bking	7.86	7.70	7.70	7.75
Woodside Pet	11.06	10.86	11.05	10.87
Woolworths	4.19	4.12	4.18	4.17

Taipei — Stock Market index: 8648.45, Previous: 8315.02

	High	Low	Close	Prev.
Cathay Life Ins	157	141	156	139
Chang Hwa Bk	120.50	113	116	112
Chiao Tung Bk	71	66.50	69.50	66.50
China Develpmt	125	119	123	118.50
China Steel	29.20	28.50	28.60	28.40
First Bank	119	111	115	110
Formosa Plastic	75.50	73.50	75.50	73.50
Hua Nan Bk	117.50	109.50	113.50	108.50
Intl Comm Bk	69.50	63	68	63
Nan Ya Plastics	86	83	85.50	83.50
Shin Kong Life	97	86.50	97	85.50
Taiwan Semi	102	93.50	102	96
Tatung	57	56	56.50	56
Utd Micro Elec	88.50	83.50	88	84
Utd World Chin	70	64	68.50	63.50

Tokyo — Nikkei 225: 20481.45, Previous: 20528.87

	High	Low	Close	Prev.
Ajinomoto	1220	1170	1180	1220
All Nippon Air	732	725	728	725
Amway	4750	4680	4740	4680
Asahi Bank	865	856	865	840
Asahi Chem	689	677	689	675
Asahi Glass	1140	1130	1130	1130
Bk Tokyo Mitsu	2180	2150	2170	2150
Bk Yokohama	600	589	595	588
Bridgestone	2710	2680	2680	2680
Canon	3000	2970	2970	2960
Chubu Elec	2150	2130	2140	2140
Chugoku Elec	2080	2060	2070	2080
Dai Nippon Print	2480	2440	2470	2420
Daiei	806	791	792	806
Dai-Ichi Kang	1400	1380	1400	1380
Daiwa Bank	527	520	523	523
Daiwa House	1390	1370	1370	1370
Daiwa Sec	911	907	910	901
DDI	8450a	8330a	8400a	8420a
Denso	2800	2660	2700	2780
East Japan Ry	5940a	5890a	5940a	5900a
Eisai	2270	2240	2250	2240
Fanuc	4430	4360	4380	4440
Fuji Bank	1700	1670	1700	1660
Fuji Photo	4570	4530	4530	4510
Fujitsu	1510	1490	1500	1480
Hachijuni Bk	1140	1130	1140	1130
Hitachi	1300	1270	1300	1260
Honda Motor	3450	3400	3440	3300
IBJ	1580	1540	1580	1540
IHI	452	446	447	445
Itochu	628	624	628	622
Ito-Yokado	6940	6860	6930	6750
JAL	514	510	514	511
Japan Tobacco	9380a	9310a	9310a	9290a
Jusco	3770	3730	3760	3790
Kajima	644	632	639	627
Kansai Elec	2290	2250	2280	2260
Kao	1580	1570	1580	1560
Kawasaki Hvy	535	529	535	530
Kawa Steel	357	352	356	346
Kinki Nipp Ry	704	700	701	703
Kirin Brewery	1210	1170	1200	1160
Kobe Steel	224	222	224	224
Komatsu	922	911	913	907
Kubota	579	573	573	577
Kyocera	8840	8700	8780	8720
Kyushu Elec	2070	2060	2070	2070
LTCB	420	411	420	409
Marubeni	519	505	509	516
Marui	2310	2280	2300	2270
Matsu Comm	3960	3910	3960	3910
Matsu Elec Ind	2250	2210	2240	2210
Matsu Elec Wk	1310	1280	1290	1300
Mitsubishi	1420	1400	1420	1390
Mitsubishi Ch	370	365	369	367
Mitsubishi El	684	668	683	666
Mitsubishi Est	1670	1640	1670	1650
Mitsubishi Hvy	858	852	855	846
Mitsubishi Mat	848	838	838	846
Mitsubishi Tr	1790	1730	1780	1750
Mitsui	1100	1080	1100	1090
Mitsui Fudosn	1580	1570	1580	1570
Mitsui Trust	890	870	883	880
Murata Mfg	4680	4630	4680	4660
NEC	1660	1640	1660	1640
Nikon	1950	1930	1940	1920
Nikko Sec	715	704	707	693
Nintendo	9680	9510	9510	9600
Nipp Express	945	930	945	925
Nippon Oil	649	634	649	636
Nippon Steel	355	348	355	345
Nissan Motor	800	792	800	800
NKK	240	235	239	238
Nomura Sec	1480	1460	1480	1450
NTT	1110b	1090b	1110b	1100b
NTT Data	4520b	4400b	4520b	4430b
Oji Paper	728	710	722	703
Osaka Gas	312	307	312	309
Ricoh	1540	1520	1530	1520
Rohm	11300	11100	11100	11300
Sakura Bk	836	824	835	820
Sankyo	3780	3730	3760	3770
Sanwa Bank	1700	1670	1680	1670
Sanyo Elec	527	518	527	525
Secom	8390	8300	8380	8310
Seibu Rwy	6150	6070	6080	6150
Sekisui Chem	1210	1200	1200	1200
Sekisui House	1210	1190	1190	1170
Seven-Eleven	8780	8740	8780	8750
Sharp	1550	1530	1550	1530
Shikoku El Pwr	2030	2010	2020	2000
Shimizu	697	675	697	655
Shin-etsu Ch	3020	2980	3020	2960
Shiseido	1870	1850	1870	1830
Shizuoka Bk	1220	1190	1200	1210
Softbank	7640	7350	7570	7610
Sony	9950	9890	9910	9880
Sumitomo	1070	1050	1060	1050
Sumitomo Bk	1850	1830	1850	1830
Sumit Chem	514	506	514	503
Sumitomo Elec	1870	1860	1870	1860
Sumit Metal	316	310	316	302
Sumit Trust	1230	1190	1200	1210
Taisho Pharm	3060	3020	3050	3060
Takeda Chem	3170	3130	3160	3090
TDK	8350	8170	8270	8400
Tohoku El Pwr	2090	2070	2080	2080
Tokai Bank	1070	1050	1070	1060
Tokio Marine	1400	1380	1400	1380
Tokyo El Pwr	2440	2420	2420	2400
Tokyo Electron	5800	5610	5800	5660
Tokyo Gas	314	310	314	313
Tokyu Corp.	717	708	717	710
Tonen	1440	1420	1430	1440
Toppan Print	1740	1720	1720	1720
Toray Ind	810	804	805	810
Toshiba	770	756	770	755
Tostem	3240	3220	3220	3190
Toyo Trust	909	890	890	897
Toyota Motor	3410	3380	3410	3380
Yamanouchi	3070	3030	3060	3030

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6544.78, Previous: 6550.61

	High	Low	Close	Prev.
Abitibi Cons.	25¾	25½	25¾	25.70
Alberta Energy	32.95	32.30	32.95	32.85
Alcan Alum	51.15	50.45	50.45	51.20
Anderson Expl	18.85	18.65	18.65	18.90
Bk Montreal	53.80	53.40	53.70	53.40
Bk Nova Scotia	58.95	58.60	58.60	58.65
Barrick Gold	34.45	33.80	34	34.35
BCE	40.60	40.05	40.15	40.40
BC Telecomm	32½	32.35	32.45	32½
Biochem Pharma	32	31.70	31¾	31¾
Bombardier B	30½	30.10	30.30	30.20
Brascan A	35.40	35½	35.25	35.45
Cameco	54	53¾	54	53¾
CIBC	33.85	33.35	33.80	33
Cdn Natl Rail	57½	57.10	57½	57.20
Cdn Nat Res	38.20	37.85	37.95	38
Cdn Occid Pet	31¾	31.45	31.70	31½
Cdn Pacific	38.30	37.80	38¼	37.85
Cominco	40	39.60	39.85	40
Dofasco	26.90	26.40	26.90	26.85
Domtar	12.10	12.05	12.05	12.10
Donohue A	30.20	29.90	29.95	30.20
Du Pont Cda A	32	31½	32	32
Edper Group	23.95	23¾	23.95	23.95
EuroNev Mng	40.70	39½	40.60	40.20
Fairfax Finl	358	355	355	354
Falconbridge	29.90	29¾	29¾	29.90
Fletcher Chall A	24½	24.10	24¼	24.60
Franco Nevada	70	69.25	69¾	69¾
Gulf Cda Res	11¾	11½	11.55	11.70
Imperial Oil	70.90	69.60	70.90	69.70
Inco	45.30	44¾	44¾	45.35
IPL Energy	43.85	43½	43¾	43.55
Laidlaw B	19.10	18.95	19	19.05
Loewen Group	45.80	45.05	45.45	45.65
Macmill Bldl	21.10	20.80	20.80	21.10
Magna Intl A	84.95	81.85	84.95	83¼
Methanex	13.15	13.05	13.10	13.15
Moore	30.20	30	30.05	30.15
Newbridge Net	60¼	57.65	58½	58.05
Noranda Inc	32	31.70	31.85	31.90
Norcen Energy	33	32½	32.80	32.90
Nthern Telecom	125	123.10	123¼	124.60
Nova	11.45	11.30	11.35	11.40
Onex	27½	27	27.10	27½
Pancdn Petm	30.15	30	30	30
Petro Cda	24.05	23.90	23.95	23.90
Placer Dome	26¼	25.40	25½	26
Poco Petm	14¼	14½	14.60	14½
Potash Sask	108.20	107.40	108.20	108½
Renaissance	41.40	40.80	41.30	40.90
Rio Algom	36¼	36.40	36.40	36¼
Rogers Cantel B	27½	27	27.40	27
Seagram Co	57½	56¼	56.80	57½
Shell Cda A	60.95	60½	60.55	60½
Suncor	36.35	35.70	36¼	36
Talisman Eny	45.90	45.30	45.65	45.45
Teck B	31¼	30¾	30¾	31.60
Teleglobe	50.90	49.80	50½	49½
Telus	25.70	25.35	25.55	25.35
Thomson	34¼	33.60	33.80	34.15
TorDom Bank	42.70	42.35	42.65	42½
Transalta	16¼	16½	16.65	16.55
TransCda Pipe	27.95	27.70	27.85	27.95
Trimark Finl	59¼	57¼	58	57½
Trizec Hahn	30¼	30.40	30.65	30.80
TVX Gold	8.65	8.35	8.40	8.60
Westcoast Eny	25½	25.40	25.45	25.55
Weston	93	90¼	93	91

Vienna — ATX index: 1307.97, Previous: 1302.29

	High	Low	Close	Prev.
Boehler-Uddeh	949	933	938.90	930
Creditanst Pfd	483.70	478.50	482.90	481
EA-Generali	3060	3000	3060	3020
EVN	1727	1700	1722	1716
Flughafen Wien	520	505.40	510.10	520
OMV	1579.90	1551	1553.80	1546
Oest Elektriz	870.85	868.60	869	870.05
VA Stahl	546.50	542.10	546	544.50
VA Tech	2235	2180	2211	2186
Wienerberg Bau	2545	2521	2545	2540

Wellington — NZSE-40 index: 2370.82, Previous: 2366.29

	High	Low	Close	Prev.
Air N Zeald B	4.28	4.27	4.28	4.28
Brierly Invt	1.38	1.37	1.38	1.37
Carter Holt ord	3.50	3.45	3.50	3.49
Fletch Ch Bldg	4.12	4.08	4.11	4.10
Fletch Ch Eny	4.24	4.23	4.23	4.25
Fletch Ch Forst	1.99	1.95	1.99	1.95
Fletch Ch Paper	3.41	3.38	3.41	3.38
Lion Nathan	3.70	3.68	3.69	3.70
Telecom NZ	7.15	7.10	7.12	7.07
Wilson Horton	11.40	11.40	11.40	11.45

Zurich — SPI index: 3406.80, Previous: 3420.56

	High	Low	Close	Prev.
ABB B	2184	2140	2157	2180
Adecco B	537	531	537	539
Alusuisse R	1463	1444	1455	1456
Ares-Serono B	2140	2095	2095	2140
Atel R	900	890	900	900
Baer Hdg B	2140	2101	2128	2120
Baloise Hdg R	3450	3375	3390	3420
BK Vision	1179	1170	1177	1175
Ciba Spec Chem	139	135.25	136.25	138
Clariant R	936	918	931	934
Crd Suisse Gp R	191.25	186.50	189	191.25
Elektrowatt B	538	536	538	538
Ems-Chemie	6490	6440	6460	6485
ESEC Hdg	5040	4960	5000	5000
Holderbank B	1394	1375	1393	1379
Liechtenst LB B	506	506	506	503
Nestle R	1832	1812	1815	1825
Novartis R	2094	2063	2088	2090
Oerlikon Buehrl R	172	168.50	169	170
Pargesa Hld B	1950	1927	1940	1950
PharmVision B	827	812	814	823
Richemont A	1954	1941	1941	1944
Pirelli PC	266.50	265	266	267
Roche Hdg PC	13075	12890	12955	13040
SBG R	372.50	367	369.50	370
Schindler PC	1899	1880	1899	1880
SGS B	3100	2990	3100	3015
SMH B	899	888	899	887
Sulzer R	1384	1330	1340	1330
Swiss Reins R	1990	1962	1966	1980
Swissair R	1594	1564	1570	1593
UBS B	1704	1675	1679	1695
Winterthur R	1260	1230	1246	1262
Zurich Assur R	575	560	566	570

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	174.19	+0.78	+0.45	+16.80
Regional Indexes				
Asia/Pacific	129.72	+2.77	+2.18	+5.10
Europe	179.45	+0.11	+0.06	+11.32
N. America	204.57	+0.25	+0.12	+26.35
S. America	166.84	+0.15	+0.09	+45.80
Industrial Indexes				
Capital goods	214.02	+0.97	+0.46	+25.22
Consumer goods	195.80	+0.10	+0.05	+21.29
Energy	209.43	+1.76	+0.85	+22.68
Finance	129.76	+1.12	+0.87	+11.42
Miscellaneous	169.38	+0.76	+0.45	+4.70
Raw Materials	189.36	+0.85	+0.45	+7.97
Service	163.42	+0.73	+0.45	+19.01
Utilities	151.19	+2.01	+1.35	+5.39

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. — Compiled by Bloomberg News.

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NYSE

Monday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere.

The Associated Press.

DID YOU MISS A DAY THIS WEEK?

This past week's front pages are available for viewing on the IHT site on the World Wide Web.

http://www.iht.com

Continued on Page 20

هكذا من الأصل

Facing the Music in Hong Kong

Record Industry Braces for Change After Chinese Takeover

By Richard Covington
Special to the Herald Tribune

HONG KONG — In China, dishing out payola to radio disk jockeys for airplay is common practice, local observers say.

Hit records sometimes disappear at the height of their popularity; once the costs of producing recordings are met, production often abruptly stops regardless of demand. Advertising and promotion for music is virtually nonexistent and no one seems to know how to track concert box-office receipts. All imported songs are subject to strict censorship.

In Hong Kong, when a record is a hit, the marketing just keeps on coming. The promotion machine for pop stars churns out expensive music videos, glossy ad campaigns and lucrative, jam-packed concerts at 400 Hong Kong dollars ($52) a ticket. Payola, if discovered, is subject to daunting fines.

Song lyrics, including protest anthems about the 1989 massacres near Tiananmen Square, are largely free of censorship.

As a result of these differences, industry analysts say, the music business in Hong Kong is due for a drastic shake-up after the colony is handed over to China in two weeks.

The upheavals are likely to work both ways. According to Giouw Jui-Chian, regional director of the International Federation of the Phonographic Industry, a watchdog group representing 1,300 record producers in 74 countries, the momentum of the city's booming $185 million music business will exert profound effects on the Chinese musical landscape. Mr Giouw was speaking before an audience of Western and Asian record executives and producers gathered here recently for Midem Asia, an annual market and festival devoted to the music industry.

According to Mr. Giouw and other local observers, after the handover the Chinese will inject new venture capital into Hong Kong's recording business and heighten local competition.

"Chinese music producers will flock here because they will have

MEDIA MARKETS

more freedom to exploit their capital investments," Mr. Giouw said.

The Chinese also will accelerate the shift to a new language for song lyrics, as Mandarin steadily overtakes Cantonese, Hong Kong's dominant language, in the rush to reach vast mainland audiences that now buy $220 million worth of music, according to industry figures.

In return, the Hong Kong recording business will introduce sophisticated marketing techniques that are virtually unknown in China.

In addition to raising the generally low standard of Chinese recording and music-video production, Hong Kong's producers also are bound to buff up the profit motive, a necessary evil their Chinese counterparts are now loathe to admire, at least in public forums like Midem Asia.

"We do not use a term like industry to describe music publishing," said Zhan Ying Hu, president of the Shanghai Audio-Visual Press, the largest of the country's 206 state-owned record companies. "We place a great premium on people's thinking and morality apart from the economic benefit of recordings."

Still, the company captured 15 percent of the Chinese market last year, doubling its profits over 1995 and generating 200 million yuan ($24 million) in sales, according to Mr. Hu.

Even though the Shanghai concern co-produces records with most of the major Western labels, Mr. Hu complained that foreign companies are largely interested in promoting their own artists, not Chinese musicians.

"There is a great discrepancy in our intentions," he said.

Cranking out hits is one glaring discrepancy. While Western labels go into overdrive to sell as many copies of a record as possible, Chinese producers frequently sell only the number of copies required to cover production costs and then simply stop production, according to Henry Winter, an industry analyst with the Hong Kong office of Booz-Allen & Hamilton, the international management consultancy.

"There's no incentive for building up an artist's reputation or a label's brand name recognition," Mr. Winter said.

As Hong Kong and Taiwanese producers and the major labels move more aggressively to sign contracts with mainland Chinese performers, high-profile promotional campaigns will inevitably follow, transforming the country's music scene, he added.

At present, radio is the most common means of promoting new acts in China and paying $500 to $1,200 to disk jockeys for airplay is a widely accepted, if not entirely legal, practice, according to William Breat, president of China Entertainment Network, a media consultancy based in Shanghai.

It is so far unclear how China's censorship laws will affect the free-wheeling Hong Kong music scene.

"If bands sing about Tiananmen Square or put in other controversial lyrics to sell records, Hong Kong authorities may be forced to crack down first before Beijing steps in," Mr. Giouw said.

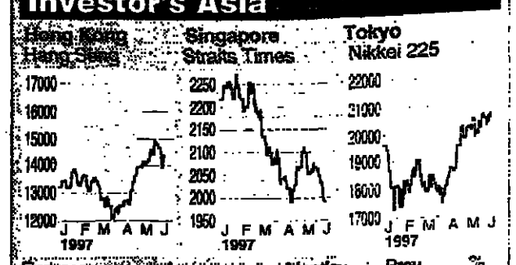
Jeffrey Cheen, an American record producer who has lived and worked in Beijing for the past eight years has firsthand experience of how sensitive the Chinese can be when it comes to music. Shortly after the 1989 massacres near Tiananmen Square, Chinese censors excised an instrumental section of staccato drumbeats from one of Mr. Cheen's records with the explanation that the music had unacceptable political undertones.

The passage sounded like machine-gun fire, said the censors.

Reuters

Visitors to a Beijing shopping center passing in front of a poster Monday for "The Opium War," a Chinese-made movie that will open when China regains control of Hong Kong on June 30.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,394.69	14,112.55	+2.00
Singapore	Straits Times	1,991.08	1,990.12	+0.05
Sydney	All Ordinaries	2,689.30	2,655.30	+0.58
Tokyo	Nikkei 225	20,681.07	20,526.35	+0.74
Kuala Lumpur	Composite	1,077.40	1,078.38	-0.09
Bangkok	SET	511.55	515.60	-0.79
Seoul	Composite Index	789.05	789.15	-0.01
Taipei	Stock Market Index	8,640.45	8,315.02	+3.91
Manila	PSE	2,790.86	2,801.61	-0.38
Jakarta	Composite Index	705.29	698.62	+0.95
Wellington	NZSE-40	2,370.82	2,366.29	+0.19
Bombay	Sensitive Index	4,025.41	4,029.99	-0.11

Source: Telekurs International Herald Tribune

Very briefly:

• **Barclays Bank PLC** of Britain and **Hokkaido Takushoku Bank Ltd.** of Japan are considering a cooperative venture in the Japanese market that they said might include joint development and selling of financial products.

• **China** this week is selling its first bonds denominated in Deutsche marks, to try to attract European investors. The sale is set at 500 million DM ($282 million).

• **Taiwan's** government sold a plot of land in central Taipei's new financial district for a record 64,700 Taiwan dollars ($2,321) a square foot to **Nan Shan Life Insurance Co.** The insurer will pay $2.72 billion for the land.

• **South Korean** prosecutors began an investigation into an alleged attempt by **Samsung Motors Inc.** to absorb **Kia Motors Corp.** Kia accuses Samsung of spreading "malicious rumors" about its finances as part of the takeover bid.

• **Hainan Airlines Co.** of China began the sale of a 15 percent stake in an initial public offering valued at $33 million.

• **Japan's** Diet passed legislation establishing an agency to regulate banks, brokerages and other financial companies. The agency would take over the supervisory functions of the Ministry of Finance, which has been accused of allowing a series of financial scandals in the past decade.

• **Taehwa Shopping Co.**, a department-store operator in South Korea, filed for court receivership after seeing its business hurt by competition from larger rivals. Taehwa was the market leader in Pusan, the country's second-largest city, until **Lotte Department Store** and **Hyundai Department Store** moved in last year.

• **State Bank of India** said more than 800 branches in the western states of Maharashtra and Goa were closed Monday by a strike by officers protesting the suspension of three of their colleagues at the company's main office in Bombay.

• **Chinese** state employees' rent bills will be raised to 15 percent of their salaries by 2000 from 3.64 percent now, to help finance housing reform. *AFP, Bloomberg, Reuter*

Unions Assail Seoul's Plan to Reform Banking Industry

Compiled by Our Staff From Dispatches

SEOUL — The government announced a final package of financial reform plans Monday aimed at revamping the country's ailing banking industry.

But the plans, which call for a regulatory agency overseeing banks, securities houses and insurers and dilute the central bank's power, met with instant resistance from bank unions.

The finance and economy minister, Kang Kyong Shik, said the central bank, the Bank of Korea, would give up its supervisory function to the new regulatory body, to be called the Financial Supervisory Board.

The central bank will remain free to set monetary policy, Mr. Kang said. But the policy-making Finance and Economy Ministry will retain powers to set overall financial policies, enacting and amending laws, and grant banking licenses.

The minister described the government's reform draft, which has yet to be approved by Parliament, as a "future-oriented" framework needed to meet the challenge of competition in the 21st century.

But the central bank's union immediately declared itself opposed to the moves.

"We will stage an all-out struggle against the government's move to institutionalize its control over the banking industry," the union said.

The union also demanded the resignation of Lee Kyung Shik, the governor of the Bank of Korea, for agreeing to give up the central bank's supervisory function.

The move came as several top bankers and lawmakers were beginning prison terms for accepting bribes from Hanbo Group, a steel-making conglomerate that collapsed in January under $6 billion of debt. Prosecutors and critics of the current system say the scandal underscores the way that South Korean bank executives often approves loans to ineligible companies in return for kickbacks.

"This must be fought for the transparency of Korean banks," Kim Sun Chang, a union leader at the central bank, said of the new proposals. "Otherwise we're headed to see more bankruptcies like Hanbo, where the government puts pressure on banks to lend money to financially troubled companies." Eight more politicians were indicted Monday on charges of having accepted money from Hanbo to put pressure on bankers to extend more loans.

The finance minister insisted that the package would help South Korean banks — which have been troubled by structural problems such as low productivity and inefficiency — to meet competition from foreign institutions.

But union leaders complained that government interference was impeding reforms. They assailed the government-initiated reform package as a "change for the worse aimed at stifling the central bank."

"This plan is nothing but a retreat that is aimed at adding more power to the government," Lee Pil Sang, a professor of economics at Korea University, said. "Ironically, the so-called reform drive is likely to destroy the efficiency of the financial industry." Bankers and government officials have been arguing over the measures since President Kim Young Sam set up a special committee in January to work out a reform bill. *(Bloomberg, AFP)*

Hongkong Bank to Shift Management to Shanghai

Agence France-Presse

SHANGHAI — Hongkong & Shanghai Banking Corp. said Monday that it planned to increasingly shift its management staff from Hong Kong to China's financial center, Shanghai.

Chris Langley, the bank's general manager, said that 95 percent of HSBC's China operations were controlled from Hong Kong, which is to return to Chinese sovereignty July 1.

"We've seen the authorities in mainland China repeatedly stressing the fact that they want Shanghai to be the pre-eminent financial center," he said.

"We are a financial institution, and therefore increasingly we are going to move our management staff to Shanghai," said Mr Langley, who was in Shanghai for the opening of the bank's branch in Shanghai's Pudong New Area.

Vietnam Curbs Foreign Ads For Tobacco and Liquor

Compiled by Our Staff From Dispatches

HO CHI MINH CITY — The government has banned the sponsorship of sports and cultural events by foreign tobacco and liquor companies, a newspaper reported Monday.

The daily Vietnam News said Prime Minister Vo Van Kiet had announced the measure amid concern that Vietnamese manufacturers were losing out to competition from foreign products.

It said the government also had decided to halt all further foreign investment in cigarette production and to step up efforts to stop the flow of smuggled goods from Cambodia, China and Laos.

The move brought swift condemnation from industry executives in Ho Chi Minh City, who said it was a blow to foreign advertisers already facing significant difficulties.

"We haven't been told anything, so we don't know the details," said one executive, who asked not to be identified. "But we would regard that as actively making it more difficult for us to do business in Vietnam."

The ban would fall heavily on international corporations such as Philip Morris Cos., the manufacturer of Marlboro cigarettes, which sponsors sports events such as motorcycle racing in Vietnam.

The ban does not apply to beer companies, which are allowed to advertise their products in Vietnam and account for the majority of advertising dollars.

The government has long made it clear that it intends to tighten controls on advertising and promotional activities and to regulate an industry that is overwhelmingly dominated by foreign agencies.

Foreign companies in Vietnam face a range of restrictions on their advertising and promotional activities. A recent campaign by Coca-Cola Co. to award bicycles in a contest was criticized by state media and banned in parts of the country.

Vietnam News said the government also would seek to help domestic industry by offering "material and spiritual incentives" to the anti-smuggling task force and the public to promote the battle against smugglers. *(Reuters, AFP)*

Singapore Agrees With Thailand on Closer Cooperation

Agence France-Presse

BANGKOK — Thailand and Singapore agreed Monday to increase their cooperation and to help Burma, Cambodia and Laos integrate the Association of South East Asian Nations, officials said.

Prime Minister Chaowalit Yongchaiyudh of Thailand and his Singaporean counterpart, Goh Chok Tong, attended the signing of a private $700 million joint-venture agreement to develop an industrial park on Thailand's eastern seaboard. The venture, between Singapore's Jurong Town International Co. and Thailand's Eastern Sugar Co., could become a springboard for investment in Burma, Cambodia and Laos, officials said.

The two governments also set up a training and development program aimed at easing Burma, Cambodia and Laos into ASEAN after their entry into the association in July.

The association decided to admit the three countries at a meeting in Malaysia last month, expanding the association 's market to 500 million people.

In Manila, meanwhile, Foreign Secretary Domingo Siazon backed the creation of a single investment area within ASEAN to try to compete with China. Mr. Siazon said Mr. Goh had proposed that ASEAN nations lure investments into the region as a whole instead of competing with one another.

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Shareholders are hereby convened to the

ANNUAL GENERAL MEETING

of shareholders of our company, which will take place at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L - 1470 Luxembourg, on July 4, 1997 at 2 p.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the Reports of the Board of Directors and of the Auditor;
2. Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as at February 28, 1997;
3. Allocation of the net results;
4. Discharge to the Directors;
5. Statutory appointments;
6. Miscellaneous.

Shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken at the majority of the votes expressed by the shareholders present or represented at the Meeting.

In order to attend the Meeting of July 4, 1997, the owners of bearer shares will have to deposit their shares five clear days before the Meeting at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L - 1470 Luxembourg.

THE BOARD OF DIRECTORS

L E A F
Société d'Investissement a Capital Variable
Siège Social : 2, Boulevard Royal
L-2953 LUXEMBOURG
R.C. Luxembourg B-37669

To our shareholders
We have the honour to invite you to attend the

ANNUAL GENERAL MEETING

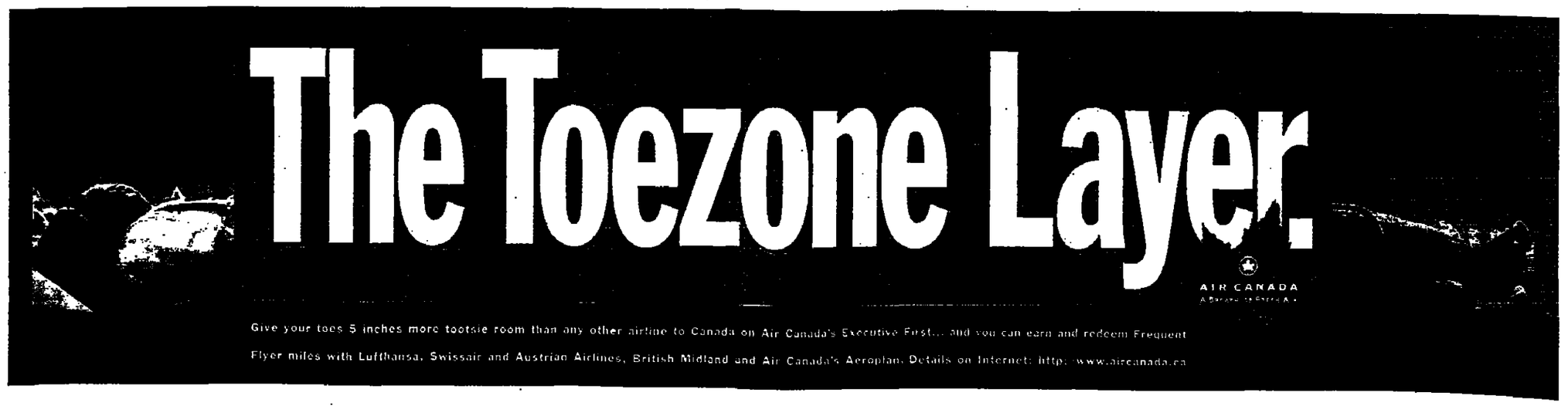
of the Company to be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esch, L - 1470 Luxembourg, on June 25th, 1997, at 3:00 p.m., with the following agenda:

AGENDA

1. **Report of the Board of Directors and of the Statutory Auditor;**
2. **Approval of the statement of net assets and of the statement of operations as at 29 February 1997;**
3. **Allocation of the results;**
4. **Discharge to the Directors;**
5. **Statutory appointments;**
6. **Miscellaneous.**

The shareholders are advised that non quorum is required for the items of the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the Meeting with no restrictions.

In order to attend the Meeting, the owners of bearer shares will have to deposit their shares five clear days before the Meeting with Banque Internationale à Luxembourg, 69, Route d'Esch, Luxembourg (to the attention of Mrs. Nicole Dupont).



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NASDAQ

Monday's 4 P.M.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press.

NYSE

Monday's 4 P.M. Close

(Continued)

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WORLD ROUNDUP

The Grass Seeds

TENNIS Wimbledon again diverged from world rankings Monday when it released the seedings for next week's championships.

The All-England Club made Pete Sampras, the World No. 1, the No. 1 seed in the men's singles. Below him players moved up or down according to their ability on grass.

Michael Chang, who is ranked No. 2 by the ATP Tour, was seeded No. 5. World No. 4, Thomas Muster, who has never won a match at Wimbledon, was seeded No. 6. Goran Ivanisevic was seeded No. 2 and Yevgeny Kafelnikov jumped two places from the No. 5 ranking to No. 3 seed. Gustavo Kuerten, who was ranked 66th before he won the French Open but is now No. 12, was seeded 11th.

For the women's singles, Martina Hingis was seeded No. 1, followed by Monica Seles. *(AP)*

Chicago Counts Costs

BASKETBALL As the Bulls took their victory parade through Chicago on Monday, the police continued to tally charges stemming from celebrations after the Bulls won the NBA championships Friday.

Five teenagers were charged Sunday in the fatal shooting of a bystander in a disturbance between rival gangs during the celebration, authorities said. Conception Diaz, a 32-year-old printing worker, was waiting for a bus home Friday night when he was shot, police said. *(AP)*

Capello Returns to Milan

SOCCER AC Milan confirmed Monday that Fabio Capello would return to the club as coach in place of Arrigo Sacchi.

Sacchi took over late last year from Oscar Washington Tabarez of Uruguay. Tabarez had replaced Capello, who moved to Real Madrid last summer. Real clinched the Spanish title Sunday. Milan finished 11th in the Italian league. *(Reuters)*

Jones Completes Double

ATHLETICS Marion Jones, 21, was the only double winner at the USA Championships, the qualifying meet that ended Sunday. Jones won the women's 100 meters in 10.97 seconds, after running the fastest time in the world this year — 10.92 — in the semifinals. The Californian won the long jump with a world-leading and personal-best 22 feet, 9 inches, beating seven-time defending champion Jackie Joyner-Kersee by an inch. *(AP)*

AFP

Marion Jones long-jumping at the U.S. championships.

A Hole of a Finish For Open Winner Els

By Leonard Shapiro
Washington Post Service

WASHINGTON — All the controversy about ending the 97th U.S. Open on a par-3 for the first time in 88 years became irrelevant. For everyone except Ernie Els, Congressional's far-more-famous 17th really was the finishing hole.

That was where Els made a routine two-putt par. But that was also where his closest pursuers, Colin Montgomerie, who was playing alongside Els, and Tom Lehman, playing in the group just behind, met with disaster.

When Els sank a four-footer for par at the 18th on Sunday, he had secured his second Open championship in four years on a day of drama from early-morning start to fabulous finish.

With a final round of 1-under 69, Els completed the Open at 4-under 276, one shot better than the bitterly disappointed Montgomerie, who waited 5 minutes before trying his putt for par on the 17th and then missed the five-footer. Montgomerie, who shot 76 in the second round, bogeyed the 480-yard 17th in every round of the tournament.

The Scotsman, who cried unashamedly after coming so close again, said he waited before striking that five-footer at 17 because play was still going on across the pond at the nearby 18th green.

He said he also heard what he described as "a commotion" from spectators lining the hill overlooking the last two greens, and criticized the U.S. Golf Association for deciding not to finish this event on the 17th hole.

"I think the USGA, when it next comes back here, ought to take a look at what holes we finish on," he said. "These two holes [17 and 18] are too close for major competition."

Lehman also was done in at the 17th, the very same hole where Ken Venturi staggered in suffocating heat and humidity to his memorable victory in the 1964 Open, when the 17th played as the finishing hole. Lehman, who led the Open after three rounds for the third straight year without a victory, placed his second-shot 7-iron in the water there. He finished at 2-under 278 for third place.

Els played the 17th almost perfectly. He hit a 3-wood off the tee, then hit his second shot to about 18 feet behind the flag. He lagged that putt to two feet, and when he made that putt, he had a one-shot lead going to the 18th tee.

"I knew 17 would be the key hole when I played my first practice round on Sunday," Els said. "You've got to be calm out there."

Jeff Maggert, only a shot off the lead with three holes to play, had a bogey-double bogey-bogey finish and was alone in fourth place at 1-over 281. Only four players finished under par.

The Masters champion, Tiger Woods, attracted another huge gallery but shot 72 to finish at 6-over 286, good for a five-way tie for 19th.

"It must have been one hell of a show on television," said Els, who also won in 1994 at Oakmont. "I thought everyone had a chance with two holes to go. I just tried to stay positive, tried to be myself. Three years ago when I won this tournament, it was like a war out there. I knew it would be the same today."

Els laid the foundation for his triumph earlier in the day, when he came out to finish the final five holes of his third round, suspended by darkness Saturday night. Shortly after 7 A.M. he made a tough 12-foot putt to save a par at the 14th hole, and he said that stroke created instant momentum for him.

Els followed that putt with three straight birdies and saved another par at the 18th with a five-footer.

Over those five early-morning holes, he pulled himself back into contention at 3 under with 18 holes to play. That was within two shots of his morning playing partner, Lehman, who made two birdies to finish the third round at 5 under.

Doug Mills/The Associated Press

Colin Montgomerie contemplating his crucial putt on the 17th green in the final round of the U.S. Open.

Back to Wimbledon's Grass Roots

By Ian Thomsen
International Herald Tribune

LONDON — Pat Cash won Wimbledon 10 years ago. On Monday he tried to come back. He was told to use the service entrance.

"Having seen the way I've been treated, I can't justify telling any tennis player that it's worthwhile making a comeback," Cash said after winning his first-round match in the Wimbledon qualifying tournament. "If the Wimbledon champion has trouble getting into tournaments, what chance do other guys have? It's really ruthless."

Cash, now 32, his body humpty-dumpty'd together again by countless surgeons and physiotherapists, played with little regard for the audience in his 4-6, 6-3, 6-1 victory Monday over the misplaced French baseliner Thierry Guardiola. Basically there was little audience — fewer than 100 people scattered outside the chain-link fence surrounding Court 13. The number 13 was painted on a circular piece of wood behind Cash's head like an unlucky halo as he waited for serve.

There were 128 men entered in the qualifying tournament this week at the Bank of England Sports Club, only 16 of whom are to advance to the main draw a few miles down the road next week at Wimbledon. The qualifying tournament was organized like a kennel. A dozen grass courts were in a single line, side by side, one match always intruding on the match a few strides over. Cash played on one of those courts in the early 1980s — he couldn't remember the year — when he lost in the first round and failed to qualify.

In 1984, when he was 19, he reached the semifinals at Wimbledon as well as the U.S. Open. In 1987 he became the first Australian man since John Newcombe 16 years earlier to win Wimbledon. Two years later, his right Achilles tendon was ruptured, and he underwent surgery. Then back surgery, two knee surgeries, torn muscles, what have you — in the past decade he has played something like four years of competitive tennis. But he has been at it so long that his new coach is Dean Barclay, the son of Cash's old coach.

For the past eight or nine months, Cash has been announcing his comeback to little acclaim from tournament organizers. He said he had tried to enter 30 tournaments but received invitations to six. At last he is healthy but has nowhere to play.

"I know of Japanese guys ranked 700th in the world who are getting wild-card invitations over me," Cash said. "There are doubles players not in the same class as me who are getting singles wild-cards over me because they did a clinic for somebody. The game says, 'We're lacking personalities.' I call up and say, 'Here I am.'"

This week, Cash is ranked No. 433 in the world, which would not have been good enough to qualify him for the Wimbledon qualifying tournament. He accepted the wild-card invitation. He said he understood that Wimbledon had its own protocol, and he could not pass up what might be his last chance to turn his career around.

He thought he was the first modern Wimbledon champion who had been required to enter the qualifying tournament. "But then I heard yesterday that Neale Fraser did it sometime in the 1970s," Cash said. And what became of Fraser, the 1960 champion? "He qualified."

"I believe there's something around the corner for me — a doubles title, a singles title," Cash said. "I know I'm as good as anybody out there. I'm enjoying my tennis more than I used to. I used to expect too much of myself. Now, people don't expect anything from me, and I'm giving it a good shot."

Mercifully, his match was assigned to one of the more spacious courts on top of the hill. He shared his plot with three other ongoing matches. He lost the first set and seemed ambivalent early in the second, until the chair umpire overruled a call. Cash argued loudly. By the end of the game he was breaking the Frenchman's serve.

He complained twice more in the match, and each time it seemed to make his blood run, fueling him to break his opponent's serve that way. Altogether, he was trying to convince himself that a match in a public-park setting like this really was important, the most important match of the year, and that if he kept his mind on the bright green grass underfoot, the surroundings would eventually turn into the Centre Court of Wimbledon.

Hincapie, U.S. National Champion — for 80 Minutes

*Cycling/*SAMUEL ABT
International Herald Tribune

PHILADELPHIA — The champion's bouquet of spring flowers sat in the front of the team car. George Hincapie, the champion for not even an hour and a half, sat in the back, trying not to cry.

"They can't do this," he said. "They can't do this," he repeated, again and again.

Hincapie, 23 years old and a leader of the U.S. Postal Service team, had just been stripped of the title of American professional champion, which he won earlier Sunday in the CoreStates USPRO Championship bicycle race in Philadelphia.

Officials ruled that, after the rear wheel of his bicycle went flat and was repaired with less than 10 miles (16 kilometers) to go in the 156-mile race, Hincapie was illegally paced back to the front group of riders by his team car. The penalty was to void the national championship he won by being the first American to finish the race.

"After his flat, he rode behind his team vehicle an excessive amount of time, more than two minutes," said Shawn Farrell, the head international official for the race. "I've never heard of a case where somebody motorpaced that long, that far, in front of so many people."

Mark Gorski, general manager of the U.S. Postal Service team, disagreed on several counts.

"We paced him into the caravan, which we have the right to do," said Gorski, who rode in his team car. "We were in front of him for 15 or 20 seconds. On the second warning, we pulled over."

Gorski, a gold-medal bicycle sprinter at the 1984 Olympic Games, argued that the officials, called commissaires, should have penalized the driver of the car, not Hincapie, for any infraction. The team will protest the decision to the sport's rulers, the International Cycling Union in Switzerland, Gorski said, not sounding optimistic.

Veteran observers of the sport could not recall a precedent for the disqualification.

"Riders have been put out of a race for holding onto a team car and getting a tow," said Paul Sherwen, a former Tour de France rider who was an official for the championship's organizers. "But I've never heard of a rider who was disqualified for being motorpaced."

Gorski also questioned the 80 minutes it took the three commissaires to make their decision. During that time, Hincapie mounted the victory podium, received his flowers and his jersey, acknowledged proudly that his parents had come from New York City to watch him and then attended a news conference.

"Tremendous, tremendous," he said immediately after he finished. "I've worked for this in this race for the last four years." His highest previous placing in the U.S. Championship was 10th in 1995.

A native New Yorker who raced in Central Park as a boy and now lives in Charlotte, North Carolina, Hincapie would have succeeded his teammate, Eddy Gragus, in the red, white and blue jersey. Instead it went to Bart Bowen, a rider for the Saturn team who was also U.S. champion in 1992.

Hincapie said he had two flats during the long race in ideal weather, just enough of a breeze to offset heat in the low 80s Fahrenheit. The first flat occurred about halfway through and the second with two laps left.

"A really bad moment," he said. "But I got repaired quickly and my teammates helped and I rode hard to get back with the front group.

"I've looked at so many riders in Europe wearing national champions' jerseys and thought, 'I want to be that,'" said Hincapie.

Later, when he was sitting in his team car after he was told about his disqualification, Hincapie said he would not return the jersey he was wearing. He did not speak defiantly. He was shattered.

Trying to console him, a friend pointed out that he would not turn 24 until late this month. He has many more championships ahead of him, many more chances to win, the friend said.

Hincapie brushed the words away. "This was the year," he said.

"They can't do this." He ducked his head then and covered his eyes with his hands.

The winner of the race was an Italian, Massimiliano Lelli of the Saeco-Cannondale team, who was ineligible for the U.S. national championship.

He crested the major climb in the CoreStates Championship for the last of 10 times Sunday with a broad and surprised smile on his face.

Not often thought of in European races as a dominating climber, Lelli was first over the top and the smile meant that he realized he could win the race.

There still was a way to go, about 16 miles, but Lelli was right to smile. The 29-year-old rider for the Saeco-Cannondale team easily won the race and its $25,000 first prize.

Blowing kisses to the huge crowd, he finished the 156-mile journey in 5 hours 54 minutes 50 seconds, or 11 seconds ahead of Scott McGrory, an Australian with Die Continentale from Germany, and Hincapie.

When the standings were revised, Angel Canzonieri of the Saeco team was moved from fourth to third place and Bowen, who had finished eighth and the second American, was in the star-spangled jersey.

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53 Fate
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57 Film —
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60 Harness part
61 Gusto
62 Greek satirist
63 These may be fine
64 On the main
65 Driving hazard

DOWN
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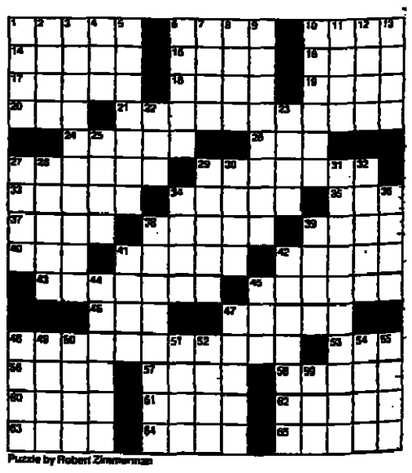
3 Tropical viper
4 Bastille Day season
5 Give back
6 World Court site, with "The"
7 Finished
8 Thoreau subject
9 Confined, as in wartime
10 Give, as time
11 Gen. Bradley
12 Over-the-counter cold remedy
13 Otherwise
22 Aged
23 Ado
25 — d'Azur (French Riviera)
27 Certain skirt
28 Actor Jeremy
29 Long-winded
30 Nouvelle Calédonie and others
31 Pseudonym
32 Julius Caesar's first name
34 W.W. II enlistee
36 Immediately, in the E.R.
38 Sideboard
39 Sculls
41 Part of a crossword
42 Clergymen
44 Poultry offerings
46 Compass tracing
47 Magna —
48 Dear, as a signorina
49 Unique person
50 Military group
51 "Anything — (1934 or 1987 musical)
52 Levitate
54 Siouan tribe
55 Camp shelter
58 Be sick



Puzzle by Robert Zimmerman

© New York Times/Edited by Will Shortz

Solution to Puzzle of June 16

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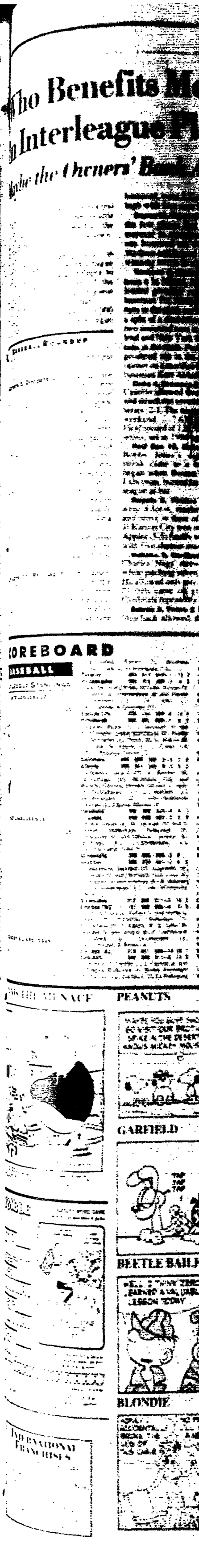


هكذا من الاصل

Who Benefits Most In Interleague Play?

Maybe the Owners' Bank Accounts

The Associated Press

The big winners on the first weekend of interleague play were the Seattle Mariners, the Baltimore Orioles, the Montreal Expos and the baseball owners' bank accounts.

Seattle beat Los Angeles, 8-2, on Sunday to improve to 4-0 in interleague play, while Baltimore beat Atlanta to complete a three-game sweep of the Braves. Montreal finished a three-game sweep of Detroit with a 10-2 rout.

Attendance averaged about 35,000 for the opening four days of interleague play, up from about 25,900 for the first 10 weeks of the season.

Baseball Roundup

Mariners 8, Dodgers 2 "You can see what it's done for attendance, not only here but throughout baseball," said Lou Piniella, Seattle's manager. "If it's good for business, it's good for the sport."

The Mariners, averaging 37,461 before the start of interleague play, drew 208,297 for the first interleague games in the Kingdome, a club record for four consecutive home games and an average of 52,074. The Mariners outscored National League opponents, 35-22, and improved to 11-2 in June.

"It's kind of weird," said Paul Sorrento, who has spent his entire career in the AL and hit one of three Seattle homers Sunday. "It almost seems like a spring training atmosphere."

Jose Cruz Jr. and Dan Wilson also homered, giving the Mariners seven home runs in two days against the Dodgers.

Blue Jays 11, Phillies 1 Joe Carter, whose home run in Game 6 won the 1993 World Series for the Blue Jays over Philadelphia, received a standing ovation from fans at Veterans Stadium after getting his 2,000th hit. Alex Gonzalez homered, went 3-for-5 and tied a career high with four runs batted in.

Expos 10, Tigers 2 In Montreal, one of the few places that didn't show a big increase in attendance, Henry Rodriguez homered off the rim of Olympic Stadium and helped Montreal extend its winning streak to nine.

Yankees 8, Marlins 5; Marlins 6, Yankees 5 In Miami, Moises Alou's bases-loaded grounder rolled through second baseman Pat Kelly's legs, scoring two runs in the ninth inning as Florida gained a split of a doubleheader. Florida scored two unearned runs in the eighth for a 4-3 lead and New York went ahead with two runs in the ninth. Paul O'Neill scored the go-ahead run in the ninth inning of the opener on a sacrifice fly caught by second baseman Kurt Abbott in foul territory.

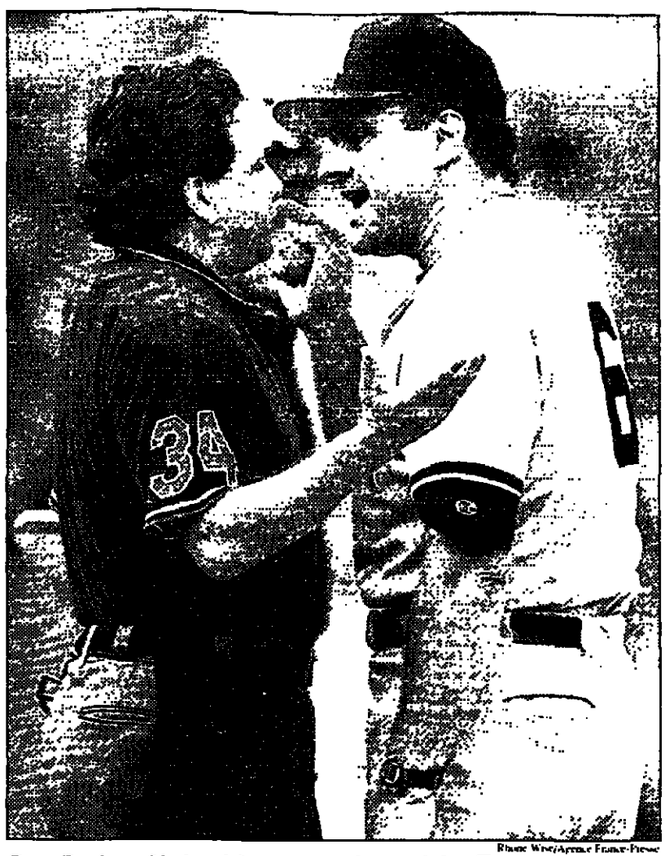
Cubs 4, Brewers 3 In Chicago, Frank Castillo allowed five hits in 6⅓ innings and struck out seven as the Cubs won the series, 2-1. The teams drew 112,690 this weekend — 7,638 shy of the Wrigley Field record of 120,328 for a three-game series, set in 1994 against Cincinnati.

Red Sox 10, Mets 1 In New York, Bobby Jones's eight-game winning streak came to a halt. His problems began when Boston's pitcher, Vaughn Eshelman, bunted for a hit in his first big league at-bat.

Royals 8, Pirates 1 Jose Offerman went 4-for-4, reached base five times and drove in three of the first four runs as Kansas City won in Pittsburgh. Kevin Appier (5-5) finally won his 100th game with five shutout innings.

Indians 9, Cardinals 2 In St. Louis, Charles Nagy threw only 65 pitches while pitching seven scoreless innings. He allowed only two hits, and 18 of the 21 outs came on ground balls as the Cardinals repeatedly chased his sinker.

Astros 3, Twins 2 In Houston, Terry Steinbach allowed the winning run to score when he failed to catch Pat Listach's popped up squeeze attempt in the ninth inning.



Rhone Wine/Agence France-Presse

Greg Bonin, a National League umpire, and Joe Torre, the Yankees manager, getting involved in a little interleague interaction in Miami.

White Sox 14, Reds 6 Pinch hitter Harold Baines had a three-run homer and Ray Durham followed with a solo shot in the fifth as Chicago won in Cincinnati. Albert Belle added a solo shot and Jorge Fabregas hit a three-run homer in the seventh.

Athletics 5, Rockies 2 In Oakland, Ariel Prieto struck out a career-high 11 in 6⅓ innings, and Matt Stairs drove in five runs. Colorado's Larry Walker went 3-for-4 to raise his major league-leading average to .419 and hit his 20th homer.

Rangers 7, Padres 4 In Arlington, Texas, Rusty Greer continued his one-man show against National Leaguers, driving in the go-ahead run and scoring another. He was 9-for-12 against San Diego and San Francisco.

Giants 4, Angels 1 J. T. Snow returned to Anaheim and hit a two-run homer against his former team.

Orioles Sweep Braves In Battle of Leaders

Compiled by Our Staff From Dispatches

Davey Johnson flexed his managerial muscles, the Baltimore Orioles got just about every break, and the Atlanta Braves, baseball's best team in the 1990s, were beaten for a third straight day by the best team — at least thus far — of 1997.

The Orioles completed a weekend interleague sweep at Turner Field in Atlanta with backup catcher Lenny Webster's two-out, two-run homer in the 10th inning, which beat the Braves, 5-3, on Sunday afternoon.

The sweep improved the Orioles' record, the best in the major leagues, to 45-19, and it showed that the Braves are still having problems with American League teams. Atlanta has played AL teams in four World Series in the 1990s and lost three of them. Its three games against the Orioles recalled its World Series matchup with the New York Yankees last October, when the Braves lost all three of their home games.

With the exception of a four-run inning against Greg Maddux on Friday, the Orioles did little with Atlanta's starters, but the Braves' bullpen was erratic, and their hitters failed in almost every crucial at-bat.

Sunday was memorable for the way Johnson, the Baltimore manager, reached back to his National League past to pull so many switches that Cal Ripken ended up back at shortstop as the Orioles outmaneuvered the Braves in a third consecutive tight game.

Webster's second homer of the season, his 18th in nine big-league seasons, came off closer Mark Wohlers. Wohlers allowed a one-out single by Ripken in the 10th, and one out later, Webster sent the ball just over the wall in right.

The Orioles needed plenty of good fortune to get to that point.

Atlanta grabbed a 1-0 lead in the sixth on Chipper Jones's run-scoring double. The Braves should have scored another run on the play, but the ball rolled through a gate in left-field foul territory that had been left slightly ajar by stadium security workers. Jones was given a ground-rule double. Michael Tucker, who would have scored easily from first on the hit, was put back on third base, and Atlanta managed only one run in the inning.

"It went in there perfect," said B.J. Surhoff, the Orioles' left fielder at the time. "There was probably not much more than a ball width."

Braves starter Tom Glavine had a three-hit shutout through six innings. But errors by second baseman Mark Lemke and third baseman Jones allowed the Orioles to score three unearned runs in the seventh and tie the score.

"We got some breaks," Ripken said. "The ball bounced our way. We could have been swept. The games were very evenly matched."

Johnson took it from there. He managed for 10 seasons in the National League with the New York Mets and Cincinnati Reds before becoming the Orioles' manager last year, and he was ready to operate without the designated hitter this weekend. He switched and double-switched Sunday until, in the ninth inning, he ended up with Surhoff at third base and Ripken returning to his old position at shortstop.

"The view was a lot different than I remembered it," said Ripken. "When you look at some of the moves you have to make in a game like this, you have to be flexible, and you have to have a fallback situation. I'm happy to do it as a fallback situation, but I was just getting comfortable at third."

"The moves are kind of fun," said Johnson. "I probably overdid a few things today, but I felt good to be back and be able to do some things."

"Maybe we made a statement, but it doesn't count until October."

A reported 30 busloads of Marylanders gave Turner Field a feeling of neutral turf. The three games of this series were sellouts; the NL champion Braves have only sold out two other home games this year. *(IHT, NYT)*

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	45	19	.703	—
New York	37	29	.561	9
Toronto	31	32	.492	13½
Detroit	29	35	.453	16
Boston	28	38	.424	18

CENTRAL DIVISION

Cleveland	34	29	.540	—
Kansas City	31	33	.484	3½
Milwaukee	30	34	.469	4½
Chicago	30	35	.462	5
Minnesota	30	36	.455	5½

WEST DIVISION

Seattle	38	29	.567	—
Texas	35	30	.538	2
Anaheim	34	32	.515	3½
Oakland	28	41	.406	11

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	42	25	.627	—
Florida	39	27	.591	2½
Montreal	38	28	.576	3½
New York	36	30	.545	5½
Philadelphia	22	43	.338	19

CENTRAL DIVISION

Houston	33	35	.485	—
Pittsburgh	32	34	.485	—
St. Louis	31	35	.470	1
Cincinnati	27	39	.409	5
Chicago	27	40	.403	5½

WEST DIVISION

San Francisco	38	29	.567	—
Colorado	36	32	.529	2½
Los Angeles	32	35	.478	6
San Diego	29	38	.433	9

SUNDAY'S LINESCORES

Detroit	100	010	000	—2	6	1
Montreal	100	411	12x	—10	12	1

Moehler, Boutista (5), Micell (7), To.Jones (8), M. Myers (8) and Casanova; Juden and Widger. W—Juden, 7-2. L—Moehler, 4-6. HRs—Detroit, Easley (7). Montreal, Grudzielanek (2), H. Rodriguez (13).

Toronto	402	012	010	—11	12	2
Philadelphia	000	010	000	—1	6	2

Henigen and O'Brien; M.Leiter, Blazier (3), R. Harris (6), Plantenberg (8) and Parent. W—Henigen, 7-3. L—M. Leiter, 4-7. HR—Toronto, A. Gonzalez (5).

Kansas City	030	104	000	—8	14	0
Pittsburgh	000	001	000	—1	6	0

Appier, Rusch (6), J. Santiago (9) and MacFarlane; Cooke, Wainhouse (2), Ruebel (5), Sadowsky (6), Peters (8), M. Wilkins (9) and Osik. W—Appier, 5-5. L—Cooke, 5-8. HR—Pittsburgh, Sveum (2).

Baltimore	000	000	300	2—5	7	0
Atlanta	000	001	200	0—3	9	2

Erickson, Orosco (7), A. Benitez (8), Te.Mathews (9), Ra.Myers (10) and Webster; Glavine, Wohlers (10) and J. Lopez. W—Te.Mathews, 1-1. L—Wohlers, 2-2. Sv—Ra.Myers (23). HRs—Baltimore, Webster (2). Atlanta, Blauser (8).

Cleveland	000	000	045	—9	9	2
St. Louis	000	000	002	—2	5	2

Nagy, Shuey (8), M. Jackson (9) and S. Alomar; Stottlemyre, Petkovsek (9), Frascatore (9) and Difelice, Lampkin (9). W—Nagy, 8-3. L—Stottlemyre, 4-5. HR—Cleveland, Giles (5).

Minnesota	200	000	000	—2	8	1
Houston	000	020	001	—3	6	0

Tewksbury, Swindell (7), Guardado (9), Trombley (9) and Steinbach; Holt, Lima (8), B. Wagner (9) and Ausmus. W—B. Wagner, 3-3. L—Guardado, 0-2. HR—Minnesota, Lawton (5).

Milwaukee	010	000	011	—3	10	2
Chicago (NL)	101	002	00x	—4	5	0

Eldred, Florie (6), Fetters (7) and Matheny. Levis (7): F.Castillo, Patterson (7), Bottenfield (7), T. Adams (8), R. Tatis (9), Wendell (9) and Servais. W—F. Castillo, 4-8. L—Eldred, 6-7. Sv—Wendell (3). HR—Chicago, B. Brown (4).

Chicago (AL)	210	051	500	—14	18	1
Cincinnati	040	000	011	—6	14	0

Baldwin, T. Castillo (5), C. Castillo (6) and Fabregas; Karkovice (8); Burba, Remlinger (5), Sullivan (6), Carrasco (7), Fe.Rodriguez (7), Belinda (9) and Taubensee, J. Oliver (7). W—T. Castillo, 3-3. L—Burba, 4-6. Sv—C. Castillo (1). HRs—Chicago, Durham (5), Belle (16), Fabregas (3), Baines (6).

1st Game:

New York (AL)	000	110	024	—8	9	0
Florida	301	000	100	—5	7	0

Kn.Rogers, Mendoza (4), Lloyd (6), Nelson (7), Stanton (8), M.Rivera (9) and Girardi; Rapp, Stanifer (4), F. Heredia (5), Powell (8), Cook (8), Nen (9) and C. Johnson. W—Stanton, 2-0. L—Cook, 1-1. Sv—M. Rivera (21). HR—Florida, Sheffield (7).

2nd Game:

New York (AL)	210	000	002	—5	9	2
Florida	000	110	022	—6	10	0

Gooden, Mendoza (6), Nelson (8), M. Rivera (9) and Posada; Hernandez, Hutton (6), Stanifer (8), Nen (9) and Zaun. W—Nen, 5-2. L—M. Rivera, 1-2. HR—Florida, Conigelosi (1).

Los Angeles	020	000	000	—2	6	0
Seattle	012	200	30x	—8	10	1

I.Valdes, Guthrie (6), Hall (7), Osuna (8) and Prince, Piazza (8); Moyer, S. Sanders (7) and Da.Wilson. W—Moyer, 6-2. L—I. Valdes, 3-8. Sv—S. Sanders (1). HRs—Los Angeles, Karros (13). Seattle, Cruz Jr (4), Sorrento (10), Da.Wilson (6).

San Francisco	000	210	010	—4	11	0
Anaheim	000	100	000	—1	7	1

VanLandingham, R. Rodriguez (6), Tavarez (7), D. Henry (8), Beck (9) and Berryhill; Dickson, Holtz (8), James (8), Percival (9) and Leyritz. W—VanLandingham, 4-4. L—Dickson, 8-3. Sv—Beck (21). HR—San Francisco, Snow (4).

Colorado	001	001	000	—2	8	0
Oakland	300	200	00x	—5	10	0

Ritz, Dipoto (5), DeJean (7), Leskanic (8) and Manwaring; Prieto, Mohler (7), D. Johnson (7), Taylor (9) and Mayne. W—Prieto, 5-4. L—Ritz, 5-6. Sv—Taylor (13). HRs—Colorado, L. Walker (20). Oakland, Stairs (10).

San Diego	001	300	000	—4	9	1
Texas	002	302	00x	—7	12	2

Ashby, Bergman (6) and Fisherty; Witt, Vosberg (8), Wetteland (9) and I. Rodriguez. W—Witt, 8-3. L—Ashby, 2-3. Sv—Wetteland (15). HR—Texas, L. Stevens (8).

Boston	005	010	310	—10	13	1
New York (NL)	010	000	000	—1	5	2

Eshelman, Lacy (8), Hudson (9) and Hatteberg; B.J.Jones, Manuel (5), Koshiwada (8), Lidle (9) and Hundley, A. Castillo (8). W—Eshelman, 1-1. L—B.J.Jones, 11-3. HRs—Boston, Garciaparra (9), Hatteberg (4).

FOOTBALL

World League

Amsterdam 20, Frankfurt 7
Barcelona 48, Scotland 18
Rhein 16, London 7

FINAL STANDINGS

	W	L	Pct.	PF	PA
Rhein	7	3	.700	206	146
x-Barcelona	5	5	.500	238	209
Scotland	5	5	.500	134	156
Amsterdam	5	5	.500	156	160
London	4	6	.400	116	184
Frankfurt	4	6	.400	147	142

x-won first half and clinched berth in World Bowl.

World Bowl, Rhein and Barcelona, Sunday, June 22 at Estadi Olimpic Barcelona.

CRICKET

Australia Tour

3-DAY MATCH, 3D DAY

LEICESTERSHIRE VS AUSTRALIA

MONDAY, IN LEICESTER, ENGLAND

Australia: 220-8 and 105-3
Leicestershire: 62-4 and 179.
Australia won by 84 runs.

GOLF

U.S. Open

Final scores Sunday of 97th U.S. Open on the 7,213-yard, par-70 Congressional Country Club course in Bethesda, Md. (U.S. unless stated):

Ernie Els, S. Africa	71-67-69-69—276
C.D Montgomerie, Brit.	65-76-67-69—277
Tom Lehman	67-70-68-73—278
Jeff Maggert	73-66-68-74—281
Tommy Tolles	74-67-69-72—282
Jay Haas	73-69-68-72—282
Bob Tway	71-71-70-70—282
Olin Browne	71-71-69-71—282
Jim Furyk	74-68-69-71—282
Scott McCarron	73-71-69-70—283
Scott Hoch	71-68-72-72—283
David Ogrin	70-69-71-73—283
Billy Andrade	75-67-69-73—284
Stewart Cink	71-67-74-72—284
Loren Roberts	72-69-72-71—284
J.M. Olazabal, Spain	71-71-72-71—285
Davis Love III	75-70-69-71—285
B. Hughes, Australia	75-70-71-69—285
Nick Price, Zimbabwe	71-74-71-70—286
Lee Westwood, Brit.	71-71-73-71—286
Tiger Woods	74-67-73-72—286
Paul Stankowski	75-70-68-73—286
Hal Sutton	66-73-73-74—286
S. Ellington, Australia	75-68-72-72—287
Scott Dunlap	75-66-75-71—287
Len Mattiace	71-75-73-68—287
Edward Fryatt	72-73-73-69—287
Paul Azinger	72-72-74-70—288
Paul Goydos	73-72-74-69—288
Payne Stewart	71-73-73-71—288
M.McNulty, Zimbabwe	67-73-75-73—288
Hideki Kase, Japan	68-73-73-74—288
Fuzzy Zoeller	72-73-69-74—288
Kelly Gibson	72-69-72-75—288
Jeff Sluman	69-72-72-75—288
John Cook	72-71-71-75—289
S. Appleby, Australia	71-75-70-73—289
F. Nobilo, N. Zealand	71-74-70-74—289
Steve Stricker	66-76-75-72—289
Mark O'Meara	73-73-71-72—289
Justin Leonard	69-72-78-70—289
G. Waite, N. Zealand	72-74-72-71—289
Darren Clarke, Brit.	73-74-73-70—290
Phil Mickelson	75-68-73-74—290
Fred Funk	73-70-72-75—290
Chris Perry	70-73-71-76—290
Craig Parry, Australia	70-74-69-77—290
Nick Faldo, Brit.	72-74-69-76—291
David Duval	74-73-70-74—291
J. Parnevik, Sweden	72-75-73-71—291
David White	70-72-73-77—292
Lee Janzen	72-73-75-73—293
Hale Irwin	70-73-76-74—293
Jack Nicklaus	73-71-75-74—293
Fred Couples	75-72-72-74—293
Peter Teravainen	71-73-74-75—293
Paul Broadhurst, Brit.	77-69-72-75—293
Larry Mize	70-74-76-74—294
Clarence Rose	72-71-73-78—294
Rodney Butcher	73-74-70-78—295
Chris Smith	77-69-74-75—295
Duffy Waldorf	73-73-73-76—295
Steve Jones	72-75-69-79—295
Tom Watson	72-74-72-78—296
Dave Schreyer	68-73-82-74—297
Ben Crenshaw	73-74-76-74—297
Brad Faxon	72-74-76-75—297
Th. Bjorn, Denmark	71-75-73-79—298
Tom Kite	75-69-82-72—298
Mike Hulbert	73-73-77-75—298
Greg Kraft	77-69-76-76—298
John Morse	71-74-76-77—298
S. Ames, Trinidad	73-73-75-77—298
Jimmy Green	75-72-79-73—299
Randy Wylie	71-76-77-76—300
Andrew Coltart, Brit	74-71-76-79—300
Greg Towne	71-73-83-74—301
Dick Mast	73-69-83-76—301
Vijay Singh, Fiji	71-76-77-77—301
Perry Parker	75-71-77-78—301
Donnie Hammond	75-71-76-79—301
Marco Dawson	72-75-80-76—303
Slade Adams	75-71-80-78—304
	71-74-78-83—306

WORLD GOLF RANKINGS

1. Tiger Woods, U. S., 9.91 points average
2. Greg Norman, Australia, 9.78
3. Colin Montgomerie, Britain, 9.61
4. Ernie Els, South Africa, 9.31
5. Nick Price, Zimbabwe, 9.24
6. Tom Lehman, U. S., 8.96
7. Steve Elkington, Australia, 8.74
8. Masashi Ozaki, Japan, 8.11
9. Mark O'Meara, U. S., 7.40
10. Nick Faldo, Britain 7.07
11. Phil Mickelson, U. S., 7.06
12. Scott Hoch, U. S., 6.81
13. Fred Couples, U. S., 6.79
14. Brad Faxon, U. S., 6.74
15. Jesper Parnevik, Sweden, 5.67
16. Bernhard Langer, Germany, 5.56
17. Ian Woosnam, Britain, 5.51
18. Davis Love, U. S., 5.27
19. Vijay Singh, Fiji, 4.98
20. Tom Watson, U. S., 4.97

SOCCER

COPA AMERICA

1ST ROUND, GROUP B

Bolivia 2 Peru 0
Uruguay 2, Venezuela 0

STANDINGS: Bolivia 6 points; Uruguay 3, Peru 3; Venezuela 0.

SPANISH FIRST DIVISION

Extremadura 2 Celta Vigo 0
Valladolid 1 Hercules 0
Sporting Gijon 3 Rayo Vallecano 0
Valencia 2 Oviedo 1
Sevilla 3 Espanyol 1
Logrones 1 Racing Santander 1
Compostela 1 Real Sociedad 2
Tenerife 3 Zaragoza 3
Barcelona 3 Real Betis 0

STANDINGS: Real Madrid 92 points; Barcelona 87; Deportivo Coruna 74, Real Betis 74; Atletico Madrid 71; Valladolid 64; Athletic Bilbao 61; Real Sociedad 60; Valencia 56; Tenerife 53; Racing Santander 50; Zaragoza 50; Compostela 50; Sporting Gijon 49; Espanyol 48; Oviedo 47; Celta Vigo 46; Rayo Vallecano 45; Extremadura 42; Hercules 38; Sevilla 40; Logrones 33.

PORTUGUESE FIRST DIVISION

Porto 3 Gil Vicente 0
Boavista 2 Sporting 1
Guimaraes 0 Braga 0
Farense 1 Salgueiros 1
Belenenses 1 Benfica 0
Leca 0 Setubal 2
Maritimo 2 Uniao Leiria 0
Espinho 2 Estrela Amadora 1
Rio Ave 0 Chaves 0

FINAL STANDINGS: Porto 85 points, Sporting 72; Benfica 58; Braga 55; Guimaraes 53; Salgueiros 52; Boavista 49; Maritimo 47; Estrela Amadora 47; Chaves 46; Farense 42; Setubal 40, Belenenses 40; Leca 36; Rio Ave 35; Espinho 33; Uniao Leiria 30; Gil Vicente 19.

MAJOR LEAGUE SOCCER

San Jose 3, Kansas City 1
Colorado 2, Columbus 0
Dallas 3, New York-New Jersey 1
Los Angeles 4, Tampa Bay 1

TENNIS

Wimbledon

SEEDINGS

MEN'S SINGLES

1. Pete Sampras, U.S., 2. Goran Ivanisevic, Croatia, 3. Yevgeny Kafelnikov, Russia, 4. Richard Krajicek, Netherlands, 5. Michael Chang, U.S., 6. Thomas Muster, Austria, 7. Mark Philippoussis, Australia, 8. Boris Becker, Germany, 9. Marcelo Rios, Chile, 10. Carlos Moya, Spain, 11. Gustavo Kuerten, Brazil, 12. Patrick Rafter, Australia, 13. Andrei Medvedev, Ukraine, 14. Tim Henman, Britain, 15. Wayne Ferreira, South Africa, Spain, 9 Mary Pierce, France, 10. Conchita Martinez, Spain, 11. Mary-Joe Fernandez, U.S., 12. Irina Spirlea, Romania, 13. Kimberley Po, U.S., 14. Brenda Schultz-McCarthy, Netherlands, 15. Ruxandra Dragomir, Romania, 16. Barbara Paulus, Austria.

DFS CLASSIC

SUNDAY, IN BIRMINGHAM, ENGLAND

SEMIFINALS

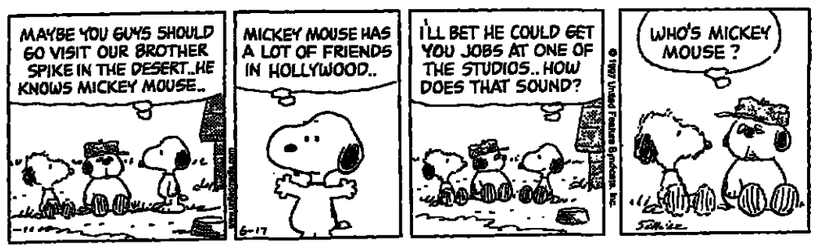
Nathalie Tauziat (2), France, def. Krishna Kunce, Australia, 6-4, 6-4.
Yayuk Basuki (4), Indonesia, def. Irina Spirlea (1), Romania, 7-6 (8-6), 6-1.

FINAL

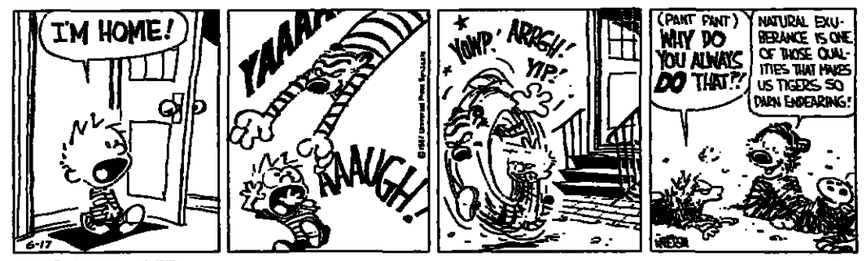
Tauziat def. Basuki 2-6, 6-2, 6-2.

DENNIS THE MENACE

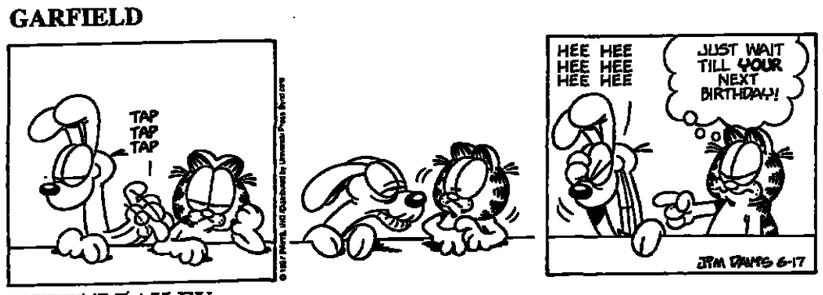
PEANUTS



CALVIN AND HOBBES



GARFIELD



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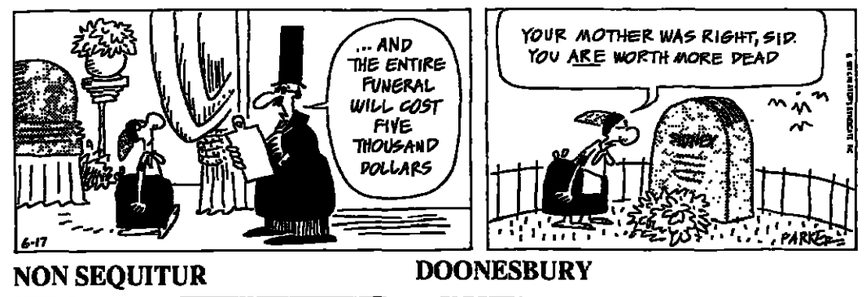

BEETLE BAILEY

NON SEQUITUR

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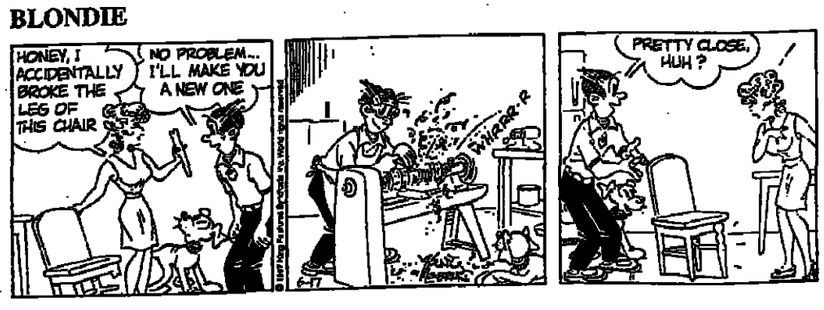
BLONDIE



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YUMMG
KIMPS
ANNEMP
HUCHAN

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: TOO

(Answers tomorrow)

Yesterday's Jumbles: Answer: USURP FORGO CRABBY JACKAL
Where a rich collector keeps his inventory — IN A "SCRAP" BOOK

WHY THE PHONE SOLICITOR FAILED

International Franchises
Appears every Wednesday in The Intermarket.
To advertise contact Judith King in our New York office
Tel.: (1-212) 752 3890
Fax: (1-212) 755 8785
or your nearest IHT office or representative.

ART BUCHWALD

Try a Little Love

WASHINGTON — "What happened to the love in our lives?" Mary Croppers asked me over a plate of oysters.

"I don't know," I said.

"All you see in the newspapers are stories of women being abused and taken advantage of and suing the president of the United States.

Buchwald

What kind of a world are we going to live in if every couple, before making a date, has to appear before the Supreme Court? Where would Juliet be today if she complained that Romeo had made a pass at her?"

"I don't know where she would be, but Romeo would be ordered by the court to do 1,000 hours of community service as well as pay Juliet's legal fees."

□

Mary said, "I miss the love songs on the radio, the duets on the stage, the scenes in books where love triumphs over all."

"I do, too," I said. "The trouble with love is that it doesn't sell newspapers. For some reason, readers want bad things to happen to good people. This is because the more bad things happen to other people, the better it makes them feel when they're washing the dishes."

Mary said, "I've never told this to anyone before, but when Donald Trump's marriage fell apart I read every word written about it. Does that make me an unloving person?"

"No," I said, "but it answers your question as to what happened to love. It's no longer in fashion for a man to drop down on his knees and say, 'I love you and I want to marry you,' and then break into 'Some Enchanted Evening.' You can get arrested for doing something like that."

□

Mary said, "I wish there was an easier way. Men and women want to be in love. The question is, how much in love can they be without encouraging a lawsuit?"

I said, "I don't know."

Mary said, "It's not when people are in love that there is trouble. It's when they fall out of love that the going gets rough. Then the affair winds up in the newspaper, and the legal people start licking their chops."

I said, "If you watch television there are no longer any love stories. All the shows depict men slapping women around and women with Uzi submachine guns mowing men down. You never get much love out of Sigourney Weaver."

Mary said, "I miss men kissing women, and women kissing men, and whispering nice things to each other, and walking on the beach under a full moon, holding hands, and the man singing, 'If I Loved You,' and the woman replying in kind with 'The Sound of Music.'"

"You're not weird," I told her, "but you're really asking for more than the entertainment industry knows how to deliver."

Big Bucks for Batman!

The Associated Press

NEW YORK — A comic book featuring the first appearance of Batman has sold at auction at Sotheby's for $68,500. The sale of about 700 items took in $1.7 million.

Paris Opera Ballet Passes the Pina Bausch Test

By Alan Riding
New York Times Service

PARIS — Under the extravagantly ornate cupola of the Palais Garnier, 32 dancers from the Paris Opera Ballet were warming up as they do before every rehearsal. But the stretching, twisting and lunging movements they were practicing still looked alien on many of them. Trained as classical dancers, some had tasted modern dance through Merce Cunningham, Paul Taylor and others. Yet they had known nothing quite like this.

Then, punctually at 5 P.M., Pina Bausch arrived, a petite woman dressed in black, her hair in a bun, large glasses magnifying her eyes. The dancers stopped moving and turned in expectation toward the celebrated 56-year-old German choreographer.

"Hello," she said softly in English. "We shall start at the beginning."

A young woman took her place, lying on the ground beside a red scarf. The sound of Stravinsky's "Rite of Spring" flooded the rotunda. One, two, three women ran in, men joined them, and soon all 32 dancers were on the floor, with signs of effort, concentration and perhaps a hint of puzzlement written across their faces. After 10 minutes, Bausch waved an arm. The music stopped, and she and her three assistants joined the dancers to dissect the rights and wrongs of what they had just seen.

Pina Bausch (front) working with members of the Paris Opera Ballet.

Even after a month of rehearsals, some of the dancers were evidently still struggling to come to terms with the unusual movements associated with Bausch's vocabulary. Nothing had prepared them for the sudden neck movements, for the sharp bending and turning, even for dancing barefoot.

Oddly, perhaps, Bausch was also apprehensive when she arrived here in mid-April. In the 23 years since she founded the acclaimed Pina Bausch Tanztheater Wuppertal, she had never worked with a classical ballet troupe. Indeed, she had never worked with any dancers except her own. Now she had agreed to reprise her "Rite of Spring" of 1975 with the Paris Opera Ballet despite whispered warnings that its dancers were "difficult."

"They scared me a little bit," she said with a soft smile just days before the piece had its premiere in the Palais Garnier last week. "I was so surprised. They worked so well, so hard. It really has been wonderful to work with them. I feel they had a strong wish to do it, and that helped a lot."

It probably also helped that "The Rite of Spring" was one of Bausch's first creations. It was on the program when the Tanztheater Wuppertal first performed in New York in 1984, and it is still in her company's repertory. "The first thing I did was to talk to them about what 'Sacre' means to me," Bausch said, referring to the work's French name, "Le Sacre du Printemps." "The starting point is the music. There are so many feelings in it; it changes constantly. There is also much fear in it. I thought, how would it be to dance knowing you have to die? How would you feel, how would I feel? The Chosen One is special, but she dances knowing the end is death. The dancers listened carefully with big ears. They seemed very interested."

More complicated was the process of adapting their bodies to the dance. "I wanted to see what it would be like to work with people not used to this kind of movement, this kind of aesthetic," she explained. "It's another beauty; it's another everything. You have to have another body for it. It's such a different thing if you're dancing on points one day and the next day you're dancing with bare feet on earth."

One early surprise was to find dancers wearing watches, rings and earrings; she said the jewels might cause injuries during some energetic movements and suggested they be removed. She then set about trying to make the dancers relax in ways that would permit their bodies to accept new movements; when some complained of stiff necks, she said this was proof that they were still not relaxing.

"Even running is difficult at first because you have to think of running from here," she said, touching her chest. "You take a breath and you're going and your feet will react. You will run. Of course, if you are a classical dancer, you run with your feet. It's completely different. You cannot teach steps. It doesn't mean anything to teach steps. You have to reach in and change the entire body."

For many of the dancers, the experience seemed both exhausting and exhilarating. "We had to start from scratch," said Geraldine Wiart, 27, one of four dancers who learned the role of the Chosen One. "It was as if she had to remodel our bodies. She taught us her technique, but our muscles weren't used to it. We discovered new pains. Some of the movements would take hours, repeated 50 times until it was right, until our bodies became the memory of the movements."

Pierre Darde, 35, a dancer who has performed versions of "The Rite of Spring" by Nijinsky and Maurice Bejart, said he found it physically demanding not least because of the speed of the dance, with phrases that were rehearsed over several hours compressed into a few seconds. But he felt he had learned a great deal. "It's not something I can express in words," he said. "It's more the feeling of things that have passed through the body. But I have no doubt that this has been one of the primordial experiences of my 17 years at the Paris Opera Ballet."

Shortly before the opening, Bausch was ready to say that she had enjoyed the experience and might be willing to repeat it but that her final verdict would depend on the performance.

She need not have worried. Having brought her company to Paris almost annually over the last 20 years, she has a loyal following here. The troupe began a fresh two-week run at the Theatre de la Ville on Friday, performing "Nur Du," created for Los Angeles last year.

So, it was not surprising last week at the Palais Garnier, after "The Rite of Spring" capped an evening that included George Balanchine's "Serenade" and Antony Tudor's "Dark Elegies," that Bausch was loudly cheered when she appeared at the final curtain.

But it was an ovation deservedly shared by the dancers. They now seemed confident of their technique, yet they added the raw energy of novices, their bodies heaving, swaying and falling as if possessed, their glistening faces, legs and backs soon covered with earth.

At the end, as the audience erupted in applause, there was one crucial verdict they still awaited. Bausch came on stage, turned toward the dancers and began clapping. The Paris Opera Ballet had passed the test.

Fernando Proietti/The Associated Press
VENETIAN HONOR — Germano Celant, director of the Venice Biennale, presents the Golden Lion award to Canadian artist Agnes Martin.

PEOPLE

THE British model **Naomi Campbell** returned to work in Paris on Monday after receiving emergency treatment at a Canary Islands hospital over the weekend, her agent said. Spanish media reported that the 27-year-old model had suffered from an overdose of barbiturates after an argument with her boyfriend, the flamenco dancer **Joaquin Cortes**. But **Xavier Moreau** of Elite modeling agency said Campbell had suffered an allergy to antibiotics. "It was an allergy to antibiotics, she didn't take barbiturates," he said. "She has resumed her activities."

□

The newborn son of the artist formerly known as **Prince** died last year of natural causes, the authorities have confirmed after a three-month review. The boy, born with an often fatal skeletal abnormality, died of natural causes on Oct. 23 when he was seven days old, the medical examiner's office in Minneapolis said. Prince and his wife, **Mayte Garcia-Nelson**, never publicly confirmed the death of their son. Their names did not appear on the death certificate.

□

Royalty from Sweden, Norway and Denmark and the presidents of Finland and Iceland got down to a medieval dinner, giving up knives and forks in favor of eating with their fingers. The royal guest list included **Queen Margrethe II** of Denmark, **King Carl XVI Gustaf** and **Queen Silvia** of Sweden, **King Harald V** and **Queen Sonja** of Norway, **President Martti Ahtisaari** of Finland and his wife, Eeva, and **President Olafur Ragnar Grimsson** of Iceland and his wife, **Gudrun Katrin Thorbergsdottir**. The dinner commemorated the 600th anniversary of the Kalmar Union. The union lasted until 1521.

□

Horton Foote, who won an Academy Award for his screenplay of "To Kill a Mockingbird," has been signed to bring "Little House on the Prairie" to the big screen. "Little House," based on books by **Laura Ingalls Wilder**, told the story of a family on a small farm in Minnesota during the 1870s. The TV series ran for nine seasons, beginning in 1974. Foote also won an Oscar for "Tender Mercies" and a Pulitzer Prize for his play "The Young Man From Atlanta."

□

Bill Olivas was known from Tulsa to Tahiti as Elephant Boy, Zander Zavo, The Bushman and sometimes the Wild Man of Borneo, and now you can call him Father. Olivas was ordained a Roman Catholic priest in Ojai, California, completing a circuitous journey to priesthood. For 25 years he toured the world as a professional wrestler, going to the mat with the likes of **Gorgeous George Wagner** and becoming a familiar face as the sport became a staple of early television. The journey took so many detours — World War II, a 27-year marriage, 22 years as owner of a health spa — that at age 76 he is the oldest of some 500 men to be ordained Catholic priests in the United States this year. "I think that the Lord was always willing to grab me, but I was running a little ahead of him," Olivas said.

□

The latest canvas for **Jerry Garcia's** art is a credit card. Private Issue Cards, which has introduced several cards commemorating musicians and athletes, has now issued a picture of a raspberry-red fox darting across a background of psychedelic colors as "The Private Issue Jerry Garcia Road Trip." Private Issue will also give money to match food donations to a food drive named after the **Grateful Dead** guitarist, who died in 1995.

□

People apparently will swallow anything they can get their mouths on: Pins, keys, bones, buttons, coins. And now people will be able to look at things others have swallowed — or tried to swallow — in the revival of an exhibition at the old state historical museum in Des Moines, Iowa. Known by museum workers as "Things People Gagged On," the exhibition, in storage for a decade, includes more than 300 odd items that **Dr. James A. Downing** removed from throats and air passages during his practice. Downing, who died in 1956, thought of his collection as instructional.

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